UNIVERSITY OF ALBERTA

SOCIAL NETWORKS AND THE ECONOMIC LIFE OF RURAL BUSINESS

by

FLORENCE MAE DEANS

A thesis submitted to the Faculty of Graduate Studies and Research in partial fulfilment of the requirement for the degree of Master of Science

In

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ABSTRACT

Rural business owners in Alberta are often described as independent minded entrepreneurs. Yet, they usually engage in social networking. This project focussed upon the social networks that help owners access markets beyond their local area. The subjects of the research are the self-employed business owners who engaged in specialized agricultural and non-agricultural operations in the geographic area defined by the East Parklands Community and Business Development Corporation headquartered at Mirror, Alberta.

Six networks are examined: intimate, friendship, broker, professional, governmental and volunteer. The results suggest that owners rely upon their intimate network for practical and emotional support. The professional networks neither encourage or discourage the business activity, while the governmental networks are not accessed to their full advantage. Volunteer networks provide information to the owners through journals and magazines that many of the social organizations provide. Rural business owners belong to these volunteer networks, but often are not active participants.

The structure of the networks suggests that the non-agricultural owners are moving away from the strong bonds of the intimate and friendship networks. They are developing what are called "weak-ties" with broker networks that include trade shows, producers of similar products or conferences. Agricultural owners, however, are continuing their strong relationships within the friendship networks to develop and sell their product. These networks provide fewer opportunities for market expansion than do the broker networks.

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1. INTRODUCTION

Self-sufficiency for rural business owners is often mistakenly understood "going-it-alone". Rather self-sufficiency means integration within essential social, organizational and governmental networks to refine business operations and develop markets. Rural business owners need to rely not only upon their own initiatives, abilities, and resources but also on social relationships, to compete effectively in the global marketplace. This sociological study sheds light on the strategies that rural business owners use to create opportunities for survival in a changing economic environment. This study of rural owners and their businesses complements an earlier economic study entitled *Tradeables*[1] *in Rural Economies: A Development Analysis in Alberta, Nebraska and Senora* (Fullerton, 1995), (Apedaile and Fullerton, 1994).

1.1 Background to the Study

The restructuring of the Canadian prairie economy during the last fifty years has changed the face of rural communities forever. Agriculture, once a primary industry on the prairies, is no longer dominant. Today the modern farm resembles an urban enterprise.

> ...the farm [is] no longer the foundation of a rural way of life where, as in a self-sufficient garrison, the family [can] surmount the vagaries of world price changes and even of the weather. The farm [is] instead a large, capital-intensive business that operates on a line of credit...(Friesen, 1987:432).

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1 Tradeable activities are defined as those activities which create opportunities to generate wealth for a rural place. These activities are traded and valued outside of the rural economy (Apedaile and Fullerton, 1994:iv).

The farm is equipped with the latest technology and these technological advances have changed the way agriculture is practised. Agricultural innovations have allowed agricultural producers more flexibility in the commodities produced, markets accessed, and land cultivated. The result is that fewer people are required for agricultural production, and the family farm is no longer the mainstay of the rural community (Reimer, 1992). The 1991 census for Alberta shows the farm population represents seven percent of the total population, down from 12 percent in 1976 (Alberta, 1993a).

Communities, dependent upon primary industries as an economic base, face the question of their very existence. These communities must look to other forms of economic activity for survival. In place of agriculture, different types of economic activity are emerging in rural areas: agri-food processing, manufacturing, tourism or specialized government activities.

A common rural development strategy during the 1950s and 1960s was to attract outside investment. The promised jobs were never created. Firms that were attracted to an area because of regional development initiatives were inclined to move as more attractive incentives were offered in other communities. In the end, most communities were competing for a few industries and never received the anticipated benefits of tax revenue and employment opportunities (Alberta 1993b).

During the 1970s rural development strategies in the prairie provinces centred upon infrastructure rehabilitation namely telephone conduit upgrading, water and sewer

upgrading, site developments and business parks in the small rural communities. The dispersion of government offices to small communities was a government policy attempting to stem out-migration from rural to urban areas (Kisko, 1993). These policies were designed not only to sustain rural communities but also to promote these same communities as viable places where businesses could grow and thrive.

Beth Honadle (1983) identifies traditional areas leading to economic and social disadvantages for rural business such as population decline, isolation, and personal familiarity. Declining population density constrains the ability of companies to market their goods and services. Low population densities create low saturation points for absorbing goods and services locally. Thus, companies must look farther afield to locate markets. With fewer people in the rural community, new social relationships need to be fostered, beyond the local area, for businesses to be successful competitors in the changing economy.

The lack of human resources in rural areas presents disadvantages such as an overworked and under-skilled labour force. The result is a drop in the quality of work and the inability of businesses to engage in long-range planning. As the availability of people with technical and leadership skills diminishes, fewer people remain to do many tasks. Large centres have the advantage of a larger better-skilled labour force to draw from, therefore placing rural business owners at a disadvantage when they attempt to acquire knowledgable and skilled employees.

Personal familiarity presents its own special problems. Often this is referred to as "density of acquaintance-ship" where people within a community interact frequently

with one another on a personal basis (Flora et al 1992:78). Often in rural communities everyone knows everyone else. If business owners wish to maintain confidentiality about their business operation, they may become isolated from their community members. Owners may not want to bank, discuss their business with local suppliers, or use professional services such as lawyers, accountants or insurance agents located in the local town. They may prefer the anonymity and privacy that larger centres offer. Owners may inadvertently impede their ability to assess the local business environment or tap into important information sources while striving to maintain privacy.

Rural firms must contend with isolation, especially if they are located in outlying areas. These remote areas may be looked upon unfavourably for revitalization projects or assistance programmes by governments because of the extra costs associated with travel. Distance from suppliers, service professionals, or financial services are obstacles encountered by many companies. Much personal effort, on the part of rural business owners, must be made to meet with and keep in contact with community leaders both locally and farther afield. Driving long distances may deter frequent and necessary interaction. Fullerton (1995) notes distance as the most important obstacle to rural tradeable business expansion.

Despite these constraints rural areas contain firms whose owners have foresight, imagination and initiative who seek specific market niches for their products. However, rural firms are unable to compete on price alone. These firms must take advantage of the uniqueness of their geographic place and the production of high quality, low volume, labour intensive goods and services (OECD, 1992).

Value added[2] economic development strategies encourage more differentiated markets by increasing the value captured locally through design, manufacturing, processing and marketing of goods. This type of development attempts to bring jobs into communities by using local production. This means that rural businesses may produce products such as furniture, wood cabinets or farm machinery and equipment that may reach more affluent markets. Rural business owners using a value added strategy may be more ready to compete and trade their product beyond the local market (Fossum, 1993).

Rural business owners are often ambivalent about the growth potential of their firms. They often wish to maintain a "hands-on" management style preferring to retain control of all aspects of their business operation. Often owners don't care to use the expertise of professionals either through professional service firms or government departments or agencies. These rural business owners find themselves in a precarious position to take advantage of global trading opportunities, because the firms are small and they must compete with larger established sophisticated businesses.

A way for rural businesses to overcome this constraint is to enter into networking strategies. Networks can enable owners to identify services that are needed, as well as seek partnership opportunities with other firms when contracts are too large, too technically demanding or too distant for individual firms to undertake alone (Fossum, 1993).

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2 Value added is defined as industrial activity that generates increased capture of the benefits of production and product differentiation. (Fossum, 1993:175)

1.2 The Problem

Business owners in Alberta, especially within the manufacturing sector, have been described as having a "go it alone" mentality (Western Centre for Economic Research, 1994:47). During economic downturns, these owners may be reluctant to rely upon anyone for assistance, yet at the same time, their independent spirit allows them to enter into risk-taking ventures more readily. This individualistic attitude, however, may deter these same individuals from drawing upon assistance from people within the industry or entering into mutually beneficial business arrangements.

This "go-it-alone" or "lone-wolf" entrepreneurial model does little to explain the complex social and economic arrangements that rural business owners find themselves a part of. Business owners are able to access markets, locate suppliers, find staff, acquire professional services, and recognize competitors.

The problem to be examined in this study involves the extent to which the social networks and social participation of the owners contribute or constrain businesses operating in markets beyond their rural home base. Understanding how these businesses operate includes not only understanding the economic opportunities and resources that rural communities offer, but also understanding the social networks and the social participation of the business owners.

This issue is that self-sufficiency does not mean "going-it-alone" but rather that business owners use networks to access know-how and resources that they are unable to generate internally (Larson, 1991).

1.3 Objectives

The overall objective of this study is to collect relevant information on the networking strategies of rural business owners as well as socio-economic information on the business owner and the firm. From this data, it is hoped that a greater understanding of the operation of these rural businesses can be established, thus providing insight into the operation of the firms with a view to improving or modifing existing programmes designed to assist rural business owners. Three specific objectives were defined for this study namely:

1. to develop a profile of rural business owners and their firms, which produce or have the potential to produce a product to trade beyond their local borders.

2. to determine the importance rural business owners place on networks to access information about markets and technical knowledge.

3. to understand the personal relationships business owners use to carry on the business operation.

1.4 Key Hypothesis

The key hypothesis for this study is that business owners operating in rural areas access networks to acquire the knowledge they need to produce and sell products beyond the local market. These networks include not only close relationships such as the spouse, family and friends, but also encounters through broker, government, professional, and volunteer involvement. The strong bonds of the spouse, family and friends may help the business owners to operate and sell their product locally but the weak bonds associated with broker, professional, government and volunteer networks may be more conducive to the firm's product being traded beyond the local area.

1.5 Assumptions

A number of assumptions were made at the beginning of the project. The first assumption was that the economic activities that rural business owners use are socially situated and therefore these economic activities cannot be separated from personal relationships that owners foster and maintain.

A second assumption was that rural business owners in East Central Alberta require and use many social networks to carry on the operation of their business because they are not geographically close the Alberta's two main metropolitan centres: Edmonton and Calgary.

A third assumption was that the study of networks of rural business owners would lead to knowledge and understanding of those social relationships that owners value when conducting their business activities.

A fourth assumption was that the business owners would be active participants in volunteer and professional organizations which would enable owners to make contact with other business and professional people.

More specific assumptions were made at the beginning of the project. These assumptions include: a) the decision-maker would be interviewed and that this person would be male; b) the population of non-agricultural firms would be small steel manufacturing and machinist type operations; c) there would be little diversity among these types of businesses; d) that the population of firms would be small; and e) the majority of the non-agricultural businesses would be operating in the small towns.

1.6 Limitations of the Study

This study is a descriptive in nature. The purpose of the research is to collect information and data on the networking activities that rural business owners are a part of. It is hoped that this information will enable professionals working in rural areas or in rural economic development initiatives to become more aware of the complex social relationships that rural business owners maintain.

The key hypothesis is based upon a review of literature primarily from the area of organizational analysis. However, other disciplines namely sociology, business, rural sociology, economics and agricultural economics have been used to inform this study. Thus this study is interdisciplinary with the hope to contribute to the practical knowledge about rural businesses and their owners who engage in non-agricultural and agricultural activities.

A noticeable limitation is the geographic location. The geographic boundaries are imposed by the East Parklands Business and Community Development Corporation. These boundaries do not follow conventional data collection areas such as census tracts, enumeration areas, municipal or provincial boundaries. Therefore, the ability of the researcher to obtain the demographic characteristics of the population or information on the business activity within the area was hampered.

1.7 Plan of the Thesis

This thesis contains seven chapters. Chapter One contains the introduction, background to the study, defining the problem, the objectives, the key hypothesis,

assumptions made in the study, limitations of the study and the plan of the thesis. Chapter Two reviews the theoretical concepts that include social network analysis, financial resource dependency and social organizations. Chapter Three provides an overview of the study area that includes business activity, organizational activity and geographic features of the area. The methodology and project design are discussed in Chapter Four. An overview of the findings for the non-agricultural and agricultural and the trading/non-agricultural and trading/agricultural firms are presented in Chapter Five. Chapter Six consists of a discussion of the results in terms of the networking activities of the firms. Chapter Seven contains a summary of the project with recommendations for rural development policy, for business owners, for volunteer organizations and finally future research endeavours.

2. THEORETICAL FRAMEWORK

2.1 Context for the Theoretical Framework

Businesses are operated by people who forge relationships to carry out transactions in the course of the day-to-day activities of the firm. These businesses are not artificial constructs that emerge without some form of social interaction among members of society. Only recently have sociological studies started to focus on businesses, and more specifically on small rural business.

A review of the titles in the journal *Rural Sociology*, for the period 1988 to 1994, uncovered one research article pertaining to rural business. A similar finding occurred when looking at titles in the *Canadian Journal of Sociology*. Only one article was uncovered pertaining to business for the period 1990 to 1995. In academic institutions, the study of the marketplace or business firms is often left to the domain of economics and business. Prus (1991) notes that the marketplace has held little interest for sociologists as an object of study. He goes on to indicate that the scarcity of this research may result from professional bias: "... some of the sociologists with whom I have discussed this matter have suggested that the marketplace is too crass and commercial to be an appropriate site for sociological inquiry" (Prus, 1991:121).

Nevertheless, firms are run by people who function from a base of social relationships built in the course of operating the business. Some of these relationships may be casual encounters. Other relationships may extend over many years.

2.2 Relevant Theoretical Concepts

The business literature provides a basis for developing criteria to study rural firms. Network analysis informs us about the social relationships that owners construct to access markets or identify competitors. Financial resource and dependency literature instructs us how businesses access capital for business start-ups and for business sustainability. Organizational literature points to firm and ownership characteristics which may contribute to the business being able to continue. Social organizational literature provides insight into the personal contacts that owners make through volunteering their time and money to social units inside and outside of their community. Each of these conceptual areas helps to explain the complex environment in which businesses operate, whether or not they are located within an urban or rural setting.

2.3 Social Network Analysis

Sociologists have always been interested in how individuals are linked to one another and how these associations "serve as both a lubricant for getting things done and a glue that provides order and meaning to social life" (Powell and Smith-Doerr, 1994:365). During the last three decades, an immense interest has taken place in the role that networks play in social and economic activities.

2.3.1 Defining a Network

Today, the notion of networking is in fashion. Communication networks,

business networks, computer networks, manufacturing networks, or women's business networks are but a few of the terms in vogue. The *Concise Oxford Dictionary* (1982:680) defines a network as "chain of interconnected persons." "Networking is people connecting with people, linking ideas and resources. Networking has entered the lexicon to mean *making connections among peers.* One person with some need contacts another with a resource, and the networking begins" (Lipnack and Stamps, 1986:2). Social network analysis focuses on three elements by (1) conceptualizing social structure as a network with ties connecting members and channelling resources; (2) focusing on characteristics of the ties rather than on the characteristics of the individual members; and (3) viewing communities as personal communities, that is, as networks of individual relations that people foster, maintain and use in the course of their daily lives (Wetherell et al. 1994:645).

In a rural context, Flora et al. (1992:240) define social networks as "webs of relationships that link individuals within communities." Often these networks form and fade as the need arises. For example, community members may join together to build a community centre, yet may never meet at social activities beyond their immediate community.

2.3.2 Knowledge in Networks

The foregoing discussion views networks as a means of sharing resources. One

sharing function is the transmission of knowledge or information[3] (Rogers, 1983). People need to be interactive in their environment. They need knowledge to be active discretionary participants with others in economic and social endeavours.

"Knowledge is a capacity for action" (Stehr 1992:3). Dewalt (1994) alludes to two types of knowledge: local knowledge and scientific knowledge. Local knowledge, also known as indigenous knowledge, is based upon observation with a profusion of contextual detail about the immediate environment. But this knowledge may have little application beyond the local rural area.

In a rural business context, local knowledge may enable the production of products that fit the peculiarities of the owner's particular locality but may not be appropriate beyond the purely local. Concentration upon indigenous knowledge through community activities or through intimate contact with family and friends may aid the maintenance of the business. However this focus may fail to address uncertainty in market expansion or new production.

The second type of knowledge is scientific. This knowledge is more specialized and based upon experimentation; it can be transferred across time and space. Rural business people who access scientific knowledge are better placed for production aimed at a broader market area. Knowledge coming from diverse areas such as conferences, trade and professional journals, or trade shows may inspire owners

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[3] The *Concise Oxford Dictionary* defines knowledge as "knowing, familiarity gained by experience or a person's range of information" and information as "informing , telling, knowledge or items of knowledge". In this thesis, knowledge and information have been used interchangeably.

to enter risk-taking activities such as new businesses ventures, new product design or new marketing strategies. Broadening understanding with scientific knowledge can provide an assortment of options that might otherwise have been obscured from the business owner.

2.3.3 Approaches to the Study of Networks

Four approaches to the study of social networks have been identified through a survey of the literature: strength of weak ties, sociological and organizational theory, embeddedness and social organizations. All these approaches to study the social environment of the economic processes of business, are concerned with how individuals are linked together in relationships of association that provide meaning and order to their social world. The underlying assumption is that the economic life of a business is embedded in the social relationships fostered by the business owner.

2.3.3.1 Strength of Weak Ties

Anthropologist Fredrik Barth (1966) alluded to the notion of networks in his discussion of transactions. For Barth, entrepreneurs are inventors who seek to make profits. They engage in transactions for goods and services with others whom they were previously not associated. "Entrepreneurial activity thus tends to make a bridge between what before was separated" (Barth, 1966:18).

Granovetter (1974) builds upon this notion of bridging in his sociological theory "the strength of weak ties". In his book *Getting a Job*, Granovetter's a priori

hypothesis was that those individuals with whom one has the most contact would be the individuals who were most likely to be of help in locating a job. The strong ties that Granovetter alludes to are those of family, friends and co-workers. These are the people who tend to interact with each other most often and in the most varied situations. However, the weak ties, those individuals who are less well-known to each other, are more likely to divulge needed information to acquire work. "Acquaintances are more likely to pass on job information than close friends..." Granovetter (1974:54).

In a business context, Aldrich et al. (1986) suggest that owners who are securely linked to a few sources of information may acquire superfluous or useless knowledge whose meaning was unclear. Business owners would interact with and receive assistance from spouses because of their propinquity. Dystra (1990) suggests that in studies of older married men and women that men were likely to turn to their wives for assistance. This may indicate that spouses also would share the same values and beliefs. Therefore, there may be a tendency for each individual forming a couple to have the same information and knowledge with small amounts of new information infiltrating their network. Certain friends and co-workers, like spouses, may fall into this category as well.

Knowledge and insight shared, among the owner, spouse, friends and co-workers, may be spurious because of close social and working relationships. Information that should be shared may be withheld because of fear of social sanction. For example, a co-worker may fear losing his or her job; a friend may fear severing a long-standing relationship; a spouse may fear the withholding of affection. Thus,

"entrepreneurs activate their weak ties for at least two purposes: to gain access to business information and to attract customers" (Aldrich et al, 1986:26). In 1994, Hartman et al. identified networks containing both strong and weak ties. Weak ties include customers, competitors, educators/trainers, while strong ties include family, friends, or employees. The weak ties to customers were identified as the most important network. Businesses may use numerous avenues for knowledge acquisition. Consistent with the notion of weak ties is the role of brokers in social networks. The function of the broker networks is to "link persons having complementary interests, transferring information, and otherwise facilitating the interest of persons not directly connected to one another" (Aldrich and Zimmer, 1986:24). Today trade shows, trade journals, conferences and the internet are but a few of the brokers that provide venues for entrepreneurs to access both customers and information about other possible markets, technical knowledge and even competitors. The focus of these events is multi-dimensional. Information is exchanged on a number of levels. Events such as trade shows and conferences allow business owners to meet and interact with a diverse group of people having diverse interests, knowledge and know-how.

> Owners who rely solely on people they meet face-to-face probably have a greater chance of meeting others very much like themselves than those using third parties to meet others. Meeting 'friends of friends' is more likely to expand the diversity of the owner's network than only meeting people at one's place of work or residential community, unless one's friends also choose people like themselves. (Staber, 1995:460)

Using brokers in business as a source of accessing new customers and new

information is left to chance; planning, however, occurs more in personal social circles. Using the strength of weak ties theory in a rural setting appears appropriate considering that rural communities are assumed to have strong social relationships among their members. Yet, at the same time, rural residents know many people on a casual basis. These casual relationships may be the weak ties that link rural business owners to people beyond their immediate community.

2.3.3.2 Embeddedness Model

Granovetter (1992:4) writes that "economic action (like all action) is socially situated and cannot be explained by individual motives alone; it is embedded in ongoing networks of personal relations rather than carried out by atomized actors."

A classic example of social embeddedness is the personal networks used to help the American electric company, Chicago Edison, become one of the most successful companies in the industry. Thomas Edison engaged in a struggle with banker J. P. Morgan for the vision of an electrical industry which supplied energy to households and businesses though central stations. Morgan's vision was to have individual generators for each home and business. Thomas Edison's primary assistant was Englishman Samuel Insull. Insull moved to Chicago to take over a new company Chicago Edison. Insull brought with him, not only technical knowledge gained from experiences as a personal assistant to Edison, but also his own personal networks. These networks included links to financiers in Chicago, New York and London and links to political leaders in both the United States and England. Insull's personal

networks were well situated in the technical, political and financial spheres. These connections allowed him to access capital, political knowledge and favours that few other competitors could assemble. Financial resources and changes to government policy that Insull garnered for Chicago Edison were embedded in his own personal networks and his ability to access and use these networks and connections effectively (Granovetter, 1992).

Silicon Valley is a modern example of the embeddedness of social relations in economic activity. People are highly mobile in Silicon Valley. Today's employee may be tomorrow's CEO. Today's competitor may be tomorrow's colleague. Social paths constantly overlap. All the while, notes Saxenian (1990:97), "[these same individuals] continue to meet at trade shows, industry conferences, and the scores of seminars, talks and social activities organized by local business organizations and trade associations." These venues provide an opportunity for information exchange, from market information to new enterprise creation opportunities. Economic action is enabled through on-going social relationships. The overall guiding principle may be that owners whose networks reach into the most institutional and organizational spheres might possibly have an advantage competing for market share (Granovetter, 1992).

People in embedded relationships may also be vulnerable to the improprieties of those with whom they are dealing and in whom them trust. Within network relationships a type of trust develops among the information sharers. This trust and feelings of social responsibility may be the reasons that entrepreneurs invoke their strong ties to family or persons with whom they have complete trust - with whom they

can show some degree of vulnerability (Staber, 1995).

Customers may well be the most important networks of business owners (Hartman et. al. 1994). These owners may trust the customer more because of past dealings. Reciprocal dealings may have been positive for both the owner and the customer, and they may wish to continue the relationship. These reciprocal relationships between the business owner and the customer may not so be so much relationships of trust but relationships of confidence.

Relationships of trust involve an unquestioning faith and dependence upon someone or something. However unlike trust relationships, confidence is more likely to be based on expectations of more sales or more business referrals. Thus the business owner's confidence in the customer may come from past dealings, and the quality of the knowledge obtained, which may be full of definite, specific details pertinent to the need for sales, production or new markets (Gibb, 1991).

2.3.3.3 Organizational Theory

Powell and Smith-Doerr (1994) identify social and organization theory as an approach to the study of social network analysis that has taken place during the last thirty years. This theory views networks as analytical tools for shedding light on the social relationships of firms whether or not these relationships are within the inter-organizational ties or within the organizational environment.

Recent studies focus on firm characteristics such as age, size and ownership (Tigges and Green, 1994, Variyam and Kraywell, 1992, Aldrich and Auster, 1986).

Firm age and firm size are two important criteria for business success. Small businesses are most vulnerable to a dissolution during the first few years of operation but, as organizations age, they are less likely to die. Age works against many small firms in two ways. When firms are small and young they face obstacles such as market recognition and product acceptance. To overcome these barriers, large capital expenditures must be made on advertising and product development. As well, licensing or certification requirements may be difficult to obtain. Unless the business is producing a product for a niche market, competition from larger more established firms may be extremely fierce (Aldrich and Auster, 1986; OECD, 1995).

The second way that age becomes a liability is when small businesses must trade away control to ensure continuation of the firm. These strategies include mergers, share offers, acquiring partners or selling the business. These strategies may ensure survival of the business, yet they may mean a loss of control and increased dependence upon outsiders.

Older established firms also experience age liabilities. Being somewhat larger, these firms may become more bureaucratized and less close to customer needs. Older, established businesses have difficulty adjusting to customer needs and changing product lines to accommodate changes in consumer preferences and attitudes (Aldrich and Auster, 1986).

A measure of firm size is often the number of full-time employees. A firm with 500 or fewer employees is often placed in the category of small (Variyam and Kraybill, 1992; Statistics Canada, 1991). However, this number is not constant across all

studies. For example, Hartman, Tower and Sebor (1994) define small businesses as having less than 250 employees but more than 25. The Canadian Federation of Independent Business (CFIB) uses the following definition for small business: "we generally take the number of employees as the yardstick, with independently-owned firms having less than 50 employees counted as small, and firms with 50-499 employees classified as medium-sized" (Thompson, 1992).

Many stories are told of those individuals who become successful in business with little formal schooling. These individuals are reputed to gain their knowledge from "hands on experience" or peripheral learning experiences throughout their life. Robinson and Sexton (1994), using the 1980 U.S. Census of Population, studied the effect of education on the earning levels of self-employed workers. Contrary to the prevailing myths, they found that the self-employed were more likely to have a higher education than those individuals who earned a wage or salary. Steier and Greenwood's (N.D.) Study of 336 small business enterprises in Alberta found that 59 percent of the founders of the business had some form of secondary education.

2.4 Other Relevant Empirical Findings

2.4.1 Financial Resource Dependency

Raising capital is one of the most difficult obstacles that small or emerging firms face. Most small businesses begin with self-financing strategies. Funds are usually acquired from an owner's personal savings, family, friends, inheritances, liquidation of personal assets or mortgages on personal possessions such as the family

home and other personal properties (Aldrich and Auster, 1986).

Seed money is difficult to raise from formal institutions especially if the individual is unknown and the product untried. Entrepreneurs often try to obtain seed-money or venture capital on the basis of their ideas and expertise. Financial institutions have difficulty measuring intellectual capital and individual expertise. As a consequence, financial institutions are reluctant to lend money for these ventures. For financial institutions a major dilemma is "learning how...to evaluate a business when knowledge is its chief resource" (Stewart, 1994:68).

Many major banks and financial institutions are rarely located in small rural towns. The loan officers may not have the authority to authorize loans or credit, if a major bank does exist in such a community. The responsibility of local bank personnel is to gather the documentation and submit it to a higher level for authorization. This phenomena exists for branches of the Canadian Imperial Bank of Commerce or Alberta's Treasury Branches, the two primary banking institutions, operating in some of the small towns of the East Parklands area. For example, the Treasury Branches in some small towns only receive deposits or cash cheques and are operated as franchises.

2.4.2 Government Dependency

Businesses are subject to rules and regulations from numerous levels of government: municipal, provincial and federal. The challenge for each business owner is to keep abreast of changes in policy at each of these government levels. Small

business surveys indicate that approximately one-half to one day per week is consumed with reporting requirements to government agencies and departments (Manley and Martin, 1994). Reporting requirements become trying and a particularly important factor for rural firms which must draw their employees from a comparatively small labour pool. These small businesses may not have the human resources to deal with the paper work, because the individual doing the reporting may be the marketer, the purchaser, the bookkeeper and the product developer for the business.

2.4.3 Social Organizations

Flora et al. (1992:247) define social organizations as "an element of a community's social infrastructure, [that] include either formal or volunteer groups providing services essential to the maintenance of physical, social, and cultural needs of a community." Social organizations are visible within rural and urban environments. These social organizations include volunteer organizations, churches, recreational facilities, various types of cultural activities and professional associations.

One has only to look at local newspapers in East Parklands to see the notices of church meetings and suppers, agricultural associated meetings, community choir events, auxiliary activity for nursing homes and lodges, bowling, skiing or skidooing or rodeo activities. The resources of time and money, for these organized activities, are drawn from individuals within the community.

An example of such a social organization is the ad hoc committee formed to save the newly constructed hospital at Galahad, Alberta from closure effective

January 1, 1996. This ad hoc committee is comprised of a number of volunteer members from the local area who are investigating the possibility of the hospital becoming an assisted-living facility or a private health care facility. The committee is considering fundraising events to earn approximately $90 000 per year over and above fees paid by the residents.[4] This is an example of a social organization forming to initiate activities to secure the existence of a needed facility in a community where local and provincial governments have creased to provide funding. Other social organizations within communities and within the area have joined together to support this need. In the case of Galahad, the local agricultural society is involved with fund raising-activities, too.

"Voluntary associations, trade associations, public agencies [and] other social units increase the probability of people making connections with one another" (Aldrich and Zimmer, 1986:25). One would expect that entrepreneurs would take advantage of social organizational involvement for two reasons. The first reason is that organizations are places where informal information about government trends, market trends, or product acceptance passes among the membership. Information passes among the members through formal meetings, word-of-mouth among the members, or by means of an organizational newsletter, magazine or journal. Information may be passed informally about the community and shared with other community members. Information may include knowledge about community members needing work or

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[4] This information was provided in a personal conversation with the town secretary at Galahad, Alberta. Also refer to an article in the Edmonton Journal of May 21, 1995, page A8 entitled *Galahad Holds Wake Over Closure of Hospital*.

having skills the business person could use in the business. The second reason entrepreneurs might take advantage of social organizational involvement is Canadian tax laws. These laws favour businesses by allowing deductions for membership dues, donations, promotional and business travel.

Yet according to Rosenfeld (1992), entrepreneurs fail to belong to social organizations such as the Chamber of Commerce, local business and trade associations or other local organizations. As a consequence, owners of small and medium-sized firms often fail to have their firms listed in business directories. Owners may miss out on information pertinent to their firms' activities by having their own names or the name of the firm automatically placed on information mailing lists. Indeed these owners may miss out on possible new business ventures and opportunities.

Rosenfeld (1992) points out that business owners may be reluctant to join volunteer associations and organizations because these activities may require more time than the business owner can accommodate. Campbell and Lee (1992) observe that voluntary associations compete for an individual's time along with home and employment responsibilities.

2.5 Summary

An underlying assumption of this project is that rural business owners operate their firms in a complex social environment. The theoretical concepts provide the framework to examine the social context that business owners are a part of.

Social network analysis is a tool to direct the study of ties that bind owners to

specific social relationships: the strong ties that owners have to family and friends may be a constraint to the business operation due to emotional relationships, while the weak ties to acquaintances and the use of brokers may provide a variety of contacts and new information.

Business owners make decisions in a social context rather than in isolation. When these owners attend conferences, trade show or auction sales, they find themselves located in social relationships. These activities provide a venue for owners to share and exchange information, to cultivate friendships or to assess market trends. Thus the economic activities that owners undertake is embedded in their on-going social relationships.

Organizational theory points to pertinent variables for both the firm and the owner. Variables for the business include gross sales, age, and legal ownership. Variables for the owner include network involvement in volunteer activities, age, education and marital status. Financial and governmental dependency literature indicate other variables such as business financing and on-going reporting requirements. The concept of social organizations points to the personal activities owners partake in either for community, business or personal interest.

These concepts guide this project by helping to create a holistic view of the complex environment business owners function within.

3. STUDY AREA

This sociological study focuses on a geographic area defined by the East Parkland Community and Business Development Corporation (EPCBDC). This study area was selected to complement a previous economic study performed in the same geographic area. The East Parkland Business and Community Development Corporation area was chosen because of the following characteristics: the area has been dependent upon primary resource extraction: agriculture, oil and mining; the region is not closely situated to the Alberta's two major metropolitan centres: Edmonton and Calgary, and rural development initiatives have been undertaken in the area.

3.1 Overview of the Area

The northernmost edge of the EPCBDC area is located approximately 100 km southeast of Edmonton, Alberta. The southernmost edge of this area is approximately 300 km south of Edmonton. Red Deer, a thriving city of approximately 50 000 inhabitants is situated about 50 km west of the region.

This region is home to approximately 21 000 people[5] of which 40 percent are under the age of 15 and 22 percent are over 64 years. Approximately 15 percent of residents in the area receive pension benefits. Approximately 31 percent of the tax-

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5 This information was provided by the Government of Canada's, Department of Western Economic Diversification, 1991 tax filer data for J-212 East Parkland, Alberta.

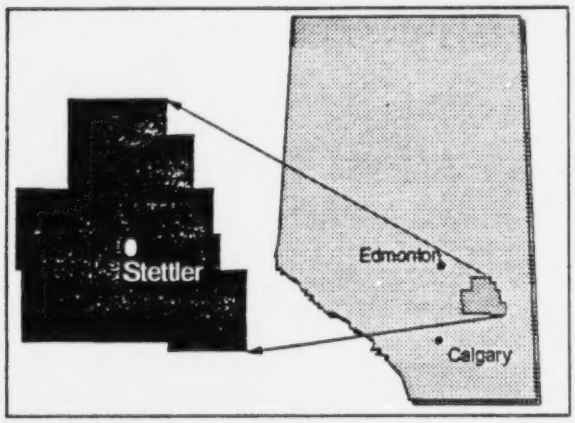
filers receive income from self-employment, compared to 15 percent for the Province of Alberta. The average income from self-employment for East Parklands is $18,415. Problems of a declining population and an aging population, who rely upon government transfer payments, are concerns facing the area members. Another concern is the loss of young people to urban centres for better work opportunities.

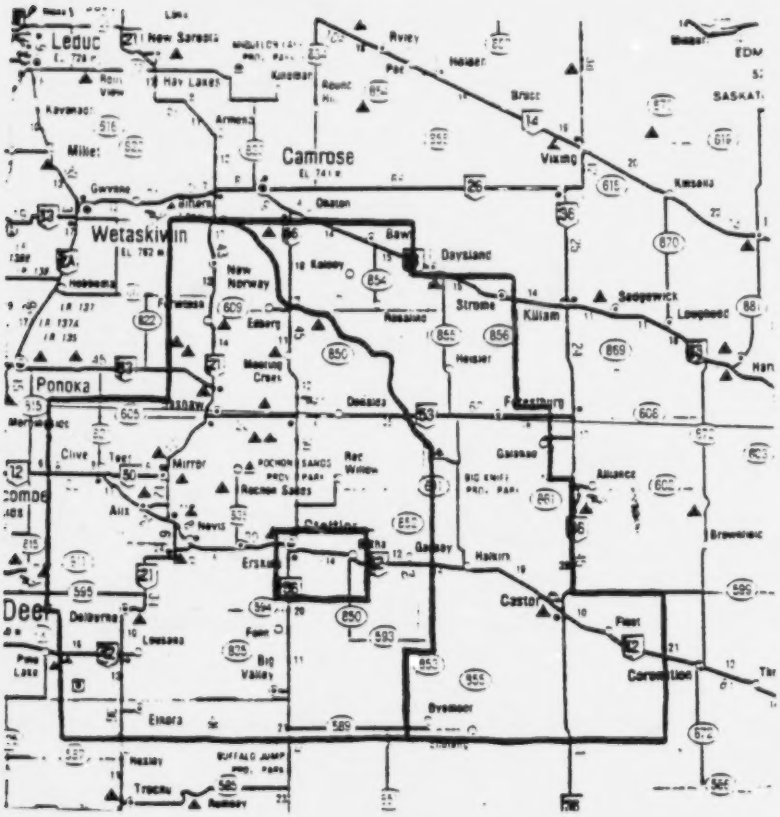
Like most of Canada's prairie provinces, this area was settled through land allotments, transportation policy and active recruitment of settlers by Canada's, then, Department of the Interior. Much of the settlement of western Canada was of a group nature. "Thus in the open country of Canada, many small areas tended to be settled by culturally-homogeneous people" (Zimmerman and Moneo, 1971:18). Place names reflect the settlement patterns: New Norway and Strome indicate Scandinavian heritage; Bashaw indicates French ancestry; and Clive, Alix, Tees and Lamberton indicate British influence.

Bashaw is a prominent small town in the East Parklands area. Settlement of this area is described as follows: "[To the] south and east, British and Americans predominate, to the west lies a Russian and German settlement and directly northwest are many Scandinavians and directly north the population is mixed" (Masters et al. 1974:140). Four Hutterite colonies are located in the area. These colonies are near Donalda, Red Willow and Byemore.

Today the population of the area is living with the effects of the agricultural crisis of the 1980s. Appendix 'A' provides an overview of the town populations

Figure 1: Map of East Parklands Area[6]





6 The map is courtesy of East Parklands Business and Community Development Corporation. This map shows the area of East Parklands as at December 31, 1994.

located within the EPCBDC between 1951 and 1991. Between 1951 and 1981 many small towns had an increase in population, but between 1981 and 1991 experienced a decrease. The modest increases in population during the 1951 - 1981 period may be a result of the movement of people from the farm into small towns, either by selling their farms or by withdrawing from active farm involvement. The decrease in the population between 1981 and 1991 may be due to the mortality rates of the elderly, the movement of elderly people from small towns into centres that provide more complete health care facilities, or people moving closer to family members who can provide some type of support for their elderly.

The communities of Bashaw, Ferintosh and New Norway are amalgamating the administration of their senior citizen's housing facilities to Bashaw. The hospital at Galahad is expected to close and re-open as an assisted-living care facility operated by St. Michael's Health Care Services from Edmonton. The proposed change of status of the hospital to an assisted-living care facility has caused some unemployment. Two families interviewed from this area had immediate family members laid-off with the change in the hospital status. Other towns in the area have been similarly affected. The hospitals at Bashaw and Elnora, once active care hospitals, are now Community Health Centres. One family interviewed at Elnora had an immediate family member who had been laid-off as a result of the change in the hospital's status. Finally, Greyhound Bus Lines is considering abandoning service to several of the small towns located within the EPCBDC area.

3.2 Overview of Business Activity

The EPCBDC area is home to numerous small businesses. These businesses appear to be from all sectors of the economy. Many of the firms show the importance of agriculture and the oil and gas industry within the area. Agricultural businesses are well represented and include a number of seed and cattle farms. All of the County of Stettler is included in the EPCBDC area and is described in the *Battle River Country Tourist Guide for 1995* as "home to the largest number of purebred livestock breeders per square mile anywhere in western Canada." Small businesses supporting the agricultural industry are numerous and include seeding cleaning plants, fertilizer and feed sales, as well as the large grain companies: Pioneer Grain Ltd, Cargill and the Alberta Wheat Pool. Other multi-national and national companies are also represented in the area such as the Armstrong Cheese Factory at Bashaw and the malting plant, Westcan Malting, at Alix.

The guide goes on to indicate that oil and gas production is the second most important industry in the area. Multi-national corporations such as Amoco Petroleum, Norcen Energy and Home Oil have branch offices in many of the small towns. In the fields near the towns of Alliance and Galahad, fields of pumpers are visible from the roadside. Small batteries are scattered throughout the whole of the East Parklands area. Spin-off businesses supporting the oil and gas sector are represented by numerous oilfield service firms.

The energy industry is also prominent in the EPCBDC area. South of Forestburg on the Battle River is the Alberta Power generating station. Feeding this

power station is the Paintearth Coal Mine. Strip mining activities can be viewed from the roadside. Some reclamation has been done and these activities are noted by road signs.

The service sector of the economy appears to be well represented by lawyers, accountants, variety stores, insurance agencies, hair salons and small eateries. Absent from these towns are the well-known franchise operations such as Sir Donut, Tim Horton's, or Boston Pizza.

Antique shops appear in most of the small towns. Each seems to specialize in a certain type of antique. Some shops specialise in china, others specialise in furniture and still others specialise in miscellaneous crockery or work tools used in the home or the farm workshop. A sense of cooperation exists among the owners for they refer potential customers to other dealers who specialise in what the customer wants. Businesses are open Tuesday to Saturday afternoon, but closed on Monday in many of the small towns.

Canada's major banks are noticeably absent from the area, but Alberta's Treasury Branches are present in a number of the small towns. Often the Treasury Branch is a franchise operation which only cashes cheques or takes deposits as is the case in New Norway. The Canadian Imperial Bank of Commerce operates in some of the small towns such as Donalda, Delburne and Castor.

3.3 Overview of Volunteer Activities

The East Parklands area is home to many volunteer organizations. These

volunteer activities include church groups, agricultural societies, 4-H Clubs, and seniors drop-in groups to name a few.

Agricultural societies are present in most of the small towns such as Bashaw, Elnora, New Norway, Rosalind, Forestburg and Galahad. These groups often partner with Chambers of Commerce to promote trade show events. The Chambers provide the management skills and the agricultural societies supply the venue. This partnership has been active in trade show activities in Forestburg.

Ad hoc groups come together as well. For example the llama producers have formed a spinning group who meet on a regular basis to spin the fibre from the llamas. The group experiments with the fibre by spinning the fibre and knitting and crocheting garments, after it has been professionally processed. These people are able to determine the type of garments that are possible to make with the fibre.

3.4 Development Initiatives

The area has a history of rural development initiatives including the provincial resource project: Buffalo Lakes Regional Resource Project (BLRRP), and more recently the Community Futures Project, East Parklands Business and Community Development Corporation. The Buffalo Lakes Regional Resource Project (BLRRP), the forerunner to the East Parklands Community Futures Association (EPCFA), was a provincial programme designed to promote cooperation in self-help programmes for rural communities. BLRRP communities included New Norway, Ferintosh, Edberg, Bashaw, Donalda, Mirror, Alix, Big Valley, Delburne and Elnora. The project's

purpose was to improve the economic situation of the area. It allowed an opportunity for the exchange of ideas and problem-solving activities among the communities.

The East Parklands Community Futures Association (EPCFA) came into being September 12, 1988, and encompassed an area comprising parts of the following counties: Camrose, Lacombe, Red Deer, Stettler, and Flagstaff. EPCFA included the same communities as BLRRP. EPCFA was granted society status on December 1, 1994. With this change in corporate status, a new legal entity was formed: East Parkland Community and Business Development Corporation (EPCBDC). EPCBDC expanded to includes not only the EPCFA area, but also a portion of the County of Paintearth. The EPCBDC is expanding once again to include Lacombe and Wetaskiwin and areas surrounding those towns.

EPCBDC is a member of the federal government's Community Futures Programme, initiated by Human Resources Development Canada. Effective April 1, 1995, the programme was transferred to the Department of Western Economic Diversification. This programme provides support to areas experiencing high unemployment and low economic activity.

3.5 Geographic Features

Two major geographic features are immediately noticeable in the area: the Battle and Red Deer Rivers. These two rivers snake throughout the EPCBDC area, and have necessitated the construction of numerous bridges on all primary and secondary highways as well as improved and unimproved roads. The rivers are natural

barriers that influence trade patterns. For example, firms at Delburne would have to travel many miles to cross the Red Deer River to go to Stettler. So rather than travel extra miles, the traffic naturally flows to Red Deer. The same is true with the Battle River. Firms operating in the Alliance area are unable to cross the river by a direct route to Forestburg.

Most roads in the area are either primary or secondary highways with very few gravel roads. Very few of the interviewees in this study were more than one to two kilometres from a primary or secondary highway. Numerous lakes are located in the area and provide opportunities for recreational activities. Rochon Sands Provincial Park encompasses part of Buffalo Lake and is a popular area for camping and golfing activities. Sullivan and Gough Lakes are also in the area and provide recreational opportunities from bird watching to boating.

3.6 Summary

The East Parklands area is an area of diverse economic activity. The predominant economic sectors remain agriculture, oil and gas, and energy. Yet, emerging within the area is the manufacturing and service sector which supplies the needs of the resource-based industries. These firms produce assorted products from rope manufacturing to custom saddle-making; from steel fabricating to custom cabinet making. These value-added products are factors contributing to the area's economic well-being.

4. METHOD OF STUDY AND PROJECT DESIGN

The overall objective of the study is to examine the extent that social networks and the social participation of rural business owners contribute to or constrain the operation of small rural businesses. Three aspects of the business are of interest in this research: 1) the social networks in which the owners are engaged; 2) the characteristics of the firm; 3) the characteristics of the owner.

4.1 The Research Process

The research took place in four stages. The first stage was to conduct a literature review to develop a more complete conceptual framework for studying the problem. The second stage was to identify a population of rural businesses located in the expanded area of the East Parkland Community and Business Development Corporation. The third stage was to create and administer an interview schedule to a sample of rural businesses. The fourth stage of the research was to analyse the data qualitatively and quantitatively

4.2 Defining a Small Business

The *Concise Oxford Dictionary* (page 123) defines a business as an "habitual occupation, profession, or trade." Among the Organization of Economic, Cooperation and Development (OECD) member countries, there is no shared definition of what

constitutes a small business. Even within countries, definitions vary between governmental and economic sectors. The usual criterion used for defining a small business is the upper level of employees of the firm (OECD, 1994). In Canada, the number of full-time employees is used as a criterion for determining whether or not a business may be defined as small. For this study, a small business is defined as having 50 employees or less; this limit is based on the definition used the Canadian Federation of Independent Business (Thompson, 1992).

4.3 Population Criteria

Three criteria for selecting the population of businesses were established from the literature review and from the Fullerton (1995) study, with modifications: (1) the businesses can be from various economic sectors except retail, hospitality and tourism, health care, commerce, petroleum production, transportation or agricultural service. Agricultural service means feed mills, seed cleaning plants, veterinarian services or building supply stores; (2) the businesses must not be branch-plants or subsidiaries of multi-national corporations. This criterion eliminates those firms that have access to financial and knowledge resources through their research and information departments located in head offices; and (3) the business must produce a product that is traded or has the potential to trade beyond its local area. Small businesses that produce value-added products are seen as playing a significant role in regional development (Rosenfeld, 1992).

Specialized agriculture has been included because of agriculture's historical significance in the area and because, in today's global economy, farms are entering into new forms of revenue-generating products.

4.4 Population and Sampling Frame

4.4.1 Specialized Agriculture

Specialized agriculture has been confined to those aspects of agriculture which include specialized greenhouse operations, ostrich, emu, llama, alpaca, buffalo, and meat goat production for the purpose of this study. Producers specialising in elk and deer were not included because the Alberta Venison Council would not provide any information on producers in Alberta, as a course of association policy. Other associations had similar policies; however, the Canadian Llama Association and the Alpaca Breeders Association provided names of association members who would allow their names to be included in the population of producers, but who might not necessarily submit to an interview. The Alpaca Breeders Association provided names of three producers in EPBCDC area, and the Canadian Llama Association provided names of six producers in the same area. The buffalo producer names were obtained from the Southern Alberta Bison Association 1995 membership list. The goat producer names were obtained from advertisements placed in the Alberta Goat Breeders Association magazine and from the association membership list. Using these sources, a total of thirty-seven businesses, involved in specialized agriculture, were

identified.

4.4.2 Non-Agricultural Firms

A total of seventy-five (75) firms were identified that fit the criteria for the non-agricultural firms. A telephone call was made to the business to inquire about the type of product the firm produced if this was unclear to the researcher. Two key informants in the area provided verification on the products or services that many firms produced.

A number of sources were used to find appropriate firms to fit the criteria. These sources included the EPCBDC, Alberta Economic Development and Tourism, Alberta Agriculture, the Alberta Women's Business Directory for 1994 and 1995, the Alberta Oil and Gas Register for 1994, the Manufacturers Register for 1995, local telephone directories and a perusal of local newspapers, over a four month period, from January 1, 1995 to April 30, 1995.

4.4.3 Limitations to the Sampling Frame

Some difficulties were encountered identifying businesses for the East Parklands geographic region. Some of the businesses were located within the region but their addresses were in towns and cities outside of the region, namely Red Deer, Ponoka and Camrose. For example, one firm was based 5 km east of Delburne, but its mailing address was Red Deer, Alberta. The firm was included in the sample because of the knowledge of a key informant. Two firms located in the area have Ponoka

addresses. These firms were discovered when driving to interviews, but were not included in the sample.

Every attempt was made to have as complete a population as possible, however, it must be acknowledged that the population of businesses compiled was incomplete. Compiling the sampling frame was hampered by the fact that businesses are often sole proprietorships. Identifying the business and the product proved to be difficult, since the business is recorded by the owner's personal name rather than a trade name. Some of the businesses have signs on gates noting that a business operates on the farm or acreage, but these businesses are not listed in the telephone directory.

4.5 Sampling

4.5.1 Determining the Sample Size

Small samples are less likely to reflect precisely the attributes of a population. However, consideration of time, money, size of the geographic area and the dispersion of the businesses throughout the area ultimately determined that a small size sample would be used.

Sociological research often involves large samples on which multi-variate data analysis can be performed. Thus, causal relationships may be identified more readily. The current study, however, contains a small sample of firms and is therefore unsuitable for performing multi-variate analysis.

Yet there is benefit to small samples, for they allow us to look at relationships

within the data that may be lost in the large close-ended study designs. More importantly small sample survey work allows us to "get our hands dirty" by coming face-to-face with those people whom we are studying. In essence, we obtain a glimpse into their work-a-day world, which is never entered by those who choose the large sample surveys. The benefit of the small sample is that it allows a rare opportunity for a researcher to get close to their study subject. Often, interviewing is the most remembered event in a graduate student's life and for this student a delightful and pleasant experience.

4.5.2 Sampling Technique

Systematic sampling was used to choose the businesses to be interviewed. Every third business was chosen from the list for the sample for both the agricultural businesses and the non-agricultural businesses. The sampling intervals are as follows:

Specialized Agricultural: Sampling interval = 37/15 = 2.5 or 3

Non-Agricultural: Sampling interval = 75/25 = 3

The firms were originally listed by the town shown on their address. Some towns had more firms than others, so there was more likelihood that firms would be chosen with these addresses. This occurred with towns that are close to the Edmonton -Calgary corridor. These towns include New Norway, Clive, and Delburne.

Twenty-five businesses were originally selected and contacted for the non-agricultural sample. Five of the businesses were in the process of going out of

business. The owners indicated that "There wouldn't be much point in interviewing me, I'm selling off everything", another response was, "I'm just letting the business go." Four of the owners refused to be interviewed. This left a total of sixteen businesses. A decision was made to increase the number of firms, so the four owners who refused to be interviewed were replaced. This replacement was done by random sample without replacement. This replacement procedure brought up the sample to interviewed to 20. All of the 20 business owners were interviewed.

Eighteen specialized agricultural businesses were chosen. Of the original 18 businesses, two refused to be interviewed, two were going out of business, and two mis-represented their product. A decision was made to replace the two refusals and the two mis-representations, thus bringing the sample to a total of 16. These businesses were chosen by random sample without replacement. Of the four replacements, three were interviewed and one interviewee who agreed to be interviewed was subsequently not interviewed. Thus, a total of 15 specialized agricultural businesses were interviewed.

4.6 Data Required to Achieve the Study

Variables have been identified through the literature reviews. For this study the firm's business success is defined by gross sales (Tigges and Green, 1994, Loscocco et al, 1991, Aldrich and Auster, 1986). Literature also points to other variables such as firm age, legal status, and number of employees (in this study, fifty or less full-time

employees). Owner characteristics such as age, gender, education and length of time the owner has resided in the area are used. The characteristics of the owner and the firm have been used as a basis to interpret the information.

Several networks have been chosen as a focus for the purpose of this study. These networks as described as follows: 1) Broker networks are those networks that "link persons with complimentary interests, transferring information, and otherwise facilitating the interests of persons not directly connected to one another" (Aldrich and Zimmer (1986:24). Broker networks for this study include trade journals, trade shows, conferences, newspapers, producers of similar products, customers, sales people, suppliers, auction sales and the Internet; 2) Volunteer networks are those noncompulsory associations that people enter that augment the possibility of making contact with one another (Aldrich and Zimmer, 1986:25). For this study, these networks include business and professional associations, recreational and family associations within the community, religious, government and political organizations; 3) Professional networks are associations with those individuals who have advanced learning or recognized expertise (Young and Francis, 1993). For this study, the professional networks include professional accountants, bookkeepers, lawyers, insurance services, hiring services, advertising and promotion services, technical and financial services; 4) Government networks are referred to in this study as those individuals who the small business person may call upon for information through government departments, or agencies. (Granovetter, 1992); 5) Friendship networks for

this study are those networks that include friends and family members and have been identified from (Fisher,1982); and 6) Intimate networks are referred to in this study as the interviewee's spouse.

4.7 Data Collection

The interview survey method was chosen as the method of data collection. Babbie (1989) suggests several advantages to using the interview survey method namely: 1) higher response rates can be achieved; 2) the number of don't know responses are reduced; 3) questions that might appear to be confusing can be clarified; and 4) the interviewer can observe the respondent's surroundings. Face-to-face interviews provided an opportunity to compile fieldnotes. These notes were helpful tools to orientate the researcher not only to the geographic area, but also to the operation of the firms.

4.7.1 Interview Process

Two "cold telephone calls" were made to determine the interview method. The only information available on the firms was the firm name, address, telephone number and product produced. These telephone calls revealed that, on the one hand, the business owners were willing to be interviewed but, on the other hand, they were concerned with issues of confidentiality. The business owners asked the following questions: 1) " Who will see the information?"; 2) "What will the information be used

for?"; 3) "Why have you chosen me?"; and 4) "Is everything confidential?"

These owners asked if the questions would be asked over the "phone" or "mailed out." When asked what method they preferred, both preferred the face-to-face interview. One owner stated that "I like one-on-one", while the other elaborated "I like to see the person I'm talking to. I don't like phone interviews or questions in the mail." Thus the interview survey method was chosen as the tool for data collection.

An "Letter of Introduction" (Appendix 'A') was designed and mailed out to the sample of specialized agricultural and non-agricultural firms. Approximately one week later a follow-up telephone call was made to the prospective interviewee. The first question was to ask to speak to the owner or decision-maker of the business. The next question was, "Have you received a letter from the Department of Rural Economy, University of Alberta?" and the following question was "Would you consider being interviewed for this study?" If the answer was affirmative, then a mutually convenient time was negotiated for the interview.

Determining an appropriate time for the interview proved to be a challenging task. Some of the respondents indicated that there was illness in the family and that the researcher would have to wait for a couple of weeks; others wanted to wait until after harvest was complete; and still others had other work commitments that had to be addressed before they could do the interview. Despite this, most of the prospective interviewees were enthusiastic about being interviewed. However, more than one

interviewee reflected these sentiments: "If you hadn't come to see me, I wouldn't have even bothered to fill out the questionnaire; we get too many people wanting information." Even though the non-agricultural owners had received a "Letter of Introduction", they were still somewhat apprehensive about an interview and many asked "Are you a competitor?"

In some cases another interviewee was substituted for the person who was originally contacted and who had consented to the interview. This person was usually the spouse. The researcher always asked to see where the product was produced and asked the individual to explain various aspects of the operation. This helped the researcher determine if the interviewee was knowledgable about the business operation especially if the interviewee was not the original contact.

4.7.2 Interview Schedule Design

The interview schedule was designed to collect quantitative and qualitative data. Ranges for gross sales were used because of the small samples and factors of confidentiality. Categories were constructed in $50,000 increments, with the last category being $500,000 or more. Gross sales were used as a measure of the ability of a firm to trade a product. A preferred method would have been to have the interviewees indicate the gross sales for the last three years to eliminate any unusual events in a firm's history such as a "one-time" large contract or an unusual slump in business activity. Questions were adapted from the *Skill Shortages and Training*

Needs in the Edmonton Labour Market Survey conducted by the Population Research Laboratory at the University of Alberta, to determine gross sales and the trading region of the business.

Questions on personal social networks of the business owners were adapted from a study on personal network delineation (van Sonderen et al, 1990). The questions were designed to elicit names of people who provided advice and help with the business. The questions were open-ended and the respondents were able to provide as many names as they wished. Within these questions the interviewee was asked where that person was geographically located. The geographic area was more difficult to gather information on, because the interviewees would avoid answering the question altogether.

Two questions were developed to determine the type of learning activity that business owners might use that may contribute to the business operation. Open-ended questions provided information about the organizational involvement of the business owners. These questions were open-ended and the interviewees could list as many names as they wished. Religious, governmental and political involvement were the most difficult to obtain. Some interviewees indicated "I don't discuss politics or religion," and refused to answer. Other interviewees seemed embarrassed by the question, but provided an answer.

4.7.3 Interview Schedule Pre-Test

The interview schedule was pre-tested on four businesses; two from specialized agricultural and two from non-agricultural businesses. This pre-test revealed problems with the following questions: 1) Information scales - the initial response categories asked how often the interviewee used these information sources, "never," "seldom," "regularly" or "often." These categories were based on tested methods of questionnaire construction (Sheatsley, 1983). The interviewees had difficulty with these response categories and all four interviewees asked the question "Do you mean important?" The categories were changed to a five point Likert scale with one being "not important" and "five" being "very important"; 2) Professional help - this item was re-worked into two questions. The first question asked what relationship the professional was to the interviewee; the second question asked where the professional was located geographically; 3) Education - The four pre-test interviewees did not have formal schooling beyond grade 12 and, in two cases, the interviewees had not completed grade 12. One interviewee did not indicate having "technical school training", but in casual conversation, revealed this additional training; so the question was re-worded into an open-ended question to capture other areas of expertise. An additional question was included to determine whether or not other sources of informal learning took place. This question was taken from the Statistics Canada Survey "Volunteering in Canada"; 4) Financing - all four of the pre-test interviewees asked if the question about equity, "Does that mean where we get our financing from?" The

interview schedule was changed to ask where the owner obtained the "initial source of financing and current source of financing".

4.8 Administering the Interview Schedule

The interview schedule was administered at the office or home of the interviewee, which was often one and the same. The interviewer read the schedule to the interviewee and the interviewee would follow along with an identical copy of the schedule. The interviewer recorded the interviewee's answers.

The pre-test of the schedule indicated that the interview should take approximately one to one and one half hours. However, this time varied from interviewee to interviewee. Couples took the longest time to interview because of the discussion between the spouses. These interviews would take approximately two hours. In total each interview took approximately two and one half to three hours to complete by the time the schedule was completed and the product was viewed.

Either before or after the interview, the interviewer asked to see the product being produced. All interviewees appeared enthusiastic about displaying their product. Owners became very animated and talked openly about their successes and problems with the production of the product.

Some of the interviewees appeared unable to read the schedule. In these cases, the interviewees had the spouse read the questionnaire. In another case, the interviewee did not look at the schedule but asked the interviewer to read all the

questions. This person carried on with various tasks throughout the interview.

4.9 Interviewer Observations

After the pre-test of the interview schedule, the interviewer realized that an instrument was required to record the respondents' attitudes as well as information that was not incorporated into the interview schedule. A schedule for interviewer observations was developed using questions from Claude Fisher's study *To Dwell Among Friends*. Included in these observations were indications of other sources of income coming into the family, indications of any illness within the family, and the presence of other individuals during the interview (Appendix 'D'). This questionnaire enabled the interviewer to make immediate notes about the impressions of the respondent's attitude to being interviewed, difficulty in reading the questionnaire, and how forthcoming the respondent was about sharing information.

After each interview fieldnotes were prepared from the interview. These notes were constructed from notes made both on the interview and interviewer schedules. Every attempt was made to be true to the owner's words and sentiments. No tape-recordings were made during the interviews because of confidentiality issues. The owners appeared more open if their comments were not tape-recorded, since some of the owners were concerned about competitors.

4.9.1 Interviewer Effects

The interviewer effects could be noticed. As the interview process progressed, I became more confident in presenting the interview schedule as well as explaining questions that would arise.

The interview was a social occasion for some of the interviewees. The interviewees sometimes appeared as curious about the interviewer as I was about them. Some interviewees asked about family and rural background. Age seemed to be an issue for some interviewees, for they noted "Glad you're not a youngster."

Some interviewees were involved in crafts and brought out samples for display. These individuals felt this was not only an opportunity to display the product, but also to sell it.

I became more adept at dealing with the couples who insisted upon being interviewed together. Often these couples would debate and discuss the questions enthusiastically. The first time the debating occurred was extremely taxing, but I became more proficient when this happened and would inquire after each debate "And what is your decision?"

4.10 Data Analysis

The sample for this study is small; thirty-five usable interviews in total. Since this small sample size does not lend itself readily to multi-variate analysis, the study uses descriptive and non-parametric statistical analysis to look for relationships within the data.

The data has been analysed from two perspectives. The first perspective contrasts the agricultural and non-agricultural samples. This analysis is descriptive and looks at the characteristics of the firms and the owners.

The second analysis views the sample from a trading/non-agricultural and trading/agricultural viewpoint. A total of twenty-five businesses were classified as trading: seventeen non-agricultural and eight agricultural. The firms were classified as trading or non-trading by their sales area. Question 35 asks for the percentage of gross sales for various areas. Firms were classified as trading, if owners indicated a percentage of gross sales were beyond the Alberta market. Firms were classified as non-trading if all of the gross sales were local and within Alberta.

Firm owners provided a percentage of gross sales for the area where the product was sold. The owners were also asked to indicate which range of gross sales best suited their business. The gross sales were estimated by taking the mid-point of each range, except for the firms with over $500,000 in sales. The gross sales for this range were taken as $500,000. An estimate of gross sales for each area where the product was sold was made from the estimated percentage of gross sales. These estimated gross sales were then ranked.

The number of broker networks that a business owner used for marketing and technical information was determined by the interviewees' response. Network use was determined from observations of the thought processes used by the owners. Owners would indicate that they used the information source and then determined how

important the source was. For example, some would indicate that "We don't use this much, so it's sort of important, we'll give it a three." Another comment was "We use this a lot so let's give it a five." Still another respondent indicated that "I can see the importance, but we don't use it, so give it a one." If owners indicated that the importance was three or above on the Likert scale, then the network was counted as being used. The Likert scales were recoded into three categories: very important, moderately important and not important.

The questions on the use of relationships were analysed on a separate basis. Each question about who the owners consulted when making business decisions concerning operating, financial and sales were coded as to the first, second, third, fourth, or fifth person contacted. The first person listed was assumed to be the first point of contact. This analysis was consistent with a study performed by (van Sonderen et al, 1990). This analysis was repeated for the question about who the owners shared their business successes with.

Bivariate correlations were performed on the data to determine relationships existed among selected variables. Tests using chi-squared revealed no significant relationship between the agricultural and non-agricultural samples. The correlations among the networks and the gross sales showed a plethora of negative and weak correlations for the non-agricultural and agricultural samples. These relationships were re-examined as trading relationships. Tests using chi-squared indicated a significant relationship between the trading activity and the product produced for non-agricultural

and agricultural firms. Bi-variate correlations changed to show positive and moderate relationships especially within the trading/non-agricultural sample. This analysis suggested that gross sales may be a poor measure of network activity. The issue is addressed in the section on validity.

4.11 Reliability and Validity

Measurement in the social sciences is the process of creating and organizing research observations so that the "data reflect as precisely and accurately as possible the degree of a particular social characteristic that is present in a sample of persons, groups or events" (Brewer and Hunter, 1989:127). Thus two important aspects of research design are reliability and validity. Reliability refers to the extent that a measure produces the same results when applied repeatedly to the same subject. Validity refers to the extent that the instrument is measuring what it claims.

4.11.1 Reliability

Reliability is the likelihood that a measure will yield the same description of a phenomenon if it is repeated (Babbie, 1989). This study attempted to create reliable variables by pre-testing the interview schedule and making adjustments to those questions that interviewees found difficult to answer or understand. Conducting face-to-face interviews increased reliability because the interviewees could ask for clarification of questions. All of the interviewees asked for clarification on questions,

even though the interview schedule was pre-tested. No record was kept of any particular question which proved to be more difficult than another.

4.11.2 Validity

Validity refers to the extent that a measure reflects, satisfactorily, the meaning of the concept that is being studied (Tudd, Smith and Kidder, 1991:5). Babbie (1989) suggests three types of research validity that are of concern to researchers: criterion, context and construct.

Criterion validity is how effective the design of the interview schedule able to predict the problem under study. The interview schedule for this study was designed to determine the types of networks that business owners use to source out information to operate the business. To that end, questions were included to ascertain the importance of various sources of information about markets, competitors and technical know-how. Another question inquired about the professional networks that business owners used. In addition business owners were asked for the networks that they used when making decisions about finances, sales and their business operations.

Content validity refers to the degree to which the measures include all of the meanings of the concept under investigation (Babbie, 1989). Many of the questions were open-ended, enabling the interviewees to provide their own responses. Other questions were closed. These questions included a category where the interviewees could indicate any other item that they felt was pertinent. Very few respondents

included other information, but rather their response was "You've got everything, haven't you?" or "Nope can't think of anything else".

Correlations were negative and weak between the gross sales and networks for the agricultural/non-agricultural samples. This correlation became positive and moderately correlated when the data was split between trading/non-agricultural and trading/agricultural. Gross sales for the trading/non-agricultural firms may have been more appropriate because these were the only sales generated by the firm. Whereas gross sales may not be the best indicator for the trading/agricultural firms, because they might have other income that has more significance than the sales from the specialized agricultural activities. Trading/agricultural operations might have large initial investments and a small amount of gross sales generated from the specialized activity. Gross sales might be generated from a one-time sale beyond the local area, but these sales may not be occurring on a regular basis.

4.12 Ethical Considerations

The University of Alberta ethics committee approved this research project and interview schedule on September 28, 1995. The interview survey was chosen as the method for data collection. Therefore the interviewees were not anonymous. The two "cold" telephone calls made to determine the acceptance of the study indicated a concern for confidentiality. This concern was expressed through the course of the interviews by many of the interviewees. For example, one interviewee said "I'll tell you

my secrets, but don't you write 'em down," while another interviewee said, "I thought I might get you to sign a paper saying you wouldn't tell anyone anything like government types or the police." These concerns were addressed by the interviewer and, when the interviewees looked through the interview schedule, they found that the questions were not invasive to their privacy. The interviewees would then often talk at length about their business and themselves.

Many of the interviewees were curious about other firms being interviewed. Often the researcher was asked about other firms in the area. The researcher told those interviewees who were curious that all information was confidential and that the names of other interviewees could not be divulged.

To assure confidentiality, names and addresses of the interviewees do not appear on the interview schedule. Every attempt has been made to eliminate links between the data and the interviewee.

4.13 Research Follow-up

After the pre-test of the interview schedule, I realized that these firms would be interesting to re-visit after the project was completed. After the interview, all interviewees were asked if they would consider having a follow-up visit from my supervisory committee. I indicated to the interviewees that I did not know if this activity would happen and, if a follow-up occurred, I could not guarantee that they would be visited because of time constraints of the committee members. All

interviewees agreed to the possibility of a follow-up interview.

Many interviewees indicated that, if they did not receive a follow-up visit, they would appreciate a report on the overview of the findings. I agreed to provide the interviewees with a small report containing some of the project findings.

5. OVERVIEW OF THE FINDINGS

This chapter contains a discussion of the findings extracted from the interviews. The discussion initially addresses the characteristics of the agricultural and non-agricultural sample. Then the discussion turns to the firms from the perspective of their ability to trade their product. These businesses are analysed from a perspective of a two-way classification: trading/ non-agricultural and trading/agricultural perspective. Of the thirty-five firms interviewed, twenty firms were classified as non-agricultural and fifteen firms classified as agricultural. Of the twenty-five firms classified into trading, seventeen were non-agricultural and eight were agricultural.

Trading firms were ultimately the object of analysis for this study. These firms, whose product is traded beyond the local area, show an ability to compete in the marketplace. These firms are pursuing specialized markets when the local area has reached the saturation point for the product or when there is no local market for the product.

5.1 Biographic Attributes: Comparison of Agricultural and Non-Agricultural Firms

5.1.1 Legal Ownership

Table 1 indicates the type of ownership of the firms. Sixty percent of the non-agricultural firms were incorporated with forty percent of those being incorporated with family members. Twenty-seven percent of the agricultural firms were

old. Thirty-five percent of the non-agricultural firms were 15 years and older

Table 2: COMPARISON OF AGRICULTURAL AND NON-AGRICULTURAL FIRMS BY YEARS OF OPERATION

Years of Operation	Agricultural % of Respondents N=15	Non-Agricultural % of Respondents N=20
0 to 5 years	60	25
06 to 10 years	20	20
11 to 15 years	0	20
16 to 20 years	13	10
21 to 26 years	7	25
Total	100	100

compared with 20 percent of the agricultural firms. This would indicate that the agricultural businesses have started these specialized activities only recently. The non-agricultural firms have been in operation longer.

5.1.3 Number of Employees

The number of full-time employees a business employs is often used as a yardstick for the size of a business. A definition of 50 employees or less as a measure of a small business is used for this study. The average number of full-time male and female employees is 3.2 for non-agricultural and .8 for agricultural firms in this study.

This number is lower than the number established as small by the Canadian Federation of Independent Business. The non-agricultural firms have the largest

number of full-time male and female employees with fifty and thirteen employees

Table 3: COMPARISON OF AGRICULTURAL AND NON-AGRICULTURAL FIRMS BY TOTAL NUMBER OF FULL-TIME AND PART-TIME EMPLOYEES

Number of Employees	Full-Time Male	Full-Time Female	Part-Time Male	Part-Time Female
Agricultural	7	5	29	14
Non-agricultural	50	13	37	4
Total	57	18	66	17

Agricultural N=15; non-agricultural N=20

respectively. Part-time employees totalled 37 male and 4 female for the non-agricultural firms and 29 male and 14 female employees for the agricultural firms.

5.1.4 Educational Attainment of the Owners

Table 4 summarizes the educational attainment of the owners. Fifty-three percent of the agricultural and 65 percent of the non-agricultural owners had completed high school. Fifty-three percent of the agricultural sample had completed a college or technical degree compared with 25 percent of the non-agricultural sample, although 20 percent of the non-agricultural sample had completed a university degree. An equal number of agricultural owners had completed high school and received a college, technical or university degree or had some post secondary education. Equal numbers of both non-agricultural and agricultural owners had no post-secondary education.

Table 4: COMPARISON OF AGRICULTURAL AND NON-AGRICULTURAL OWNERS BY LEVEL OF EDUCATION

Level of Education	Agricultural % of Respondents N=15	Non-Agricultural % of Respondents N=20
Elementary and Secondary Education		
Elementary School or Less	7	15
Some High School	40	20
High School Graduate	53	65
Total	100	100
Post-Secondary Education		
Some College /Technical/ or University Training	20	25
College, Technical Degree	53	25
University Degree	0	20
No Post Secondary Education	27	30
Total	100	100

5.2 Biographic Attributes : Comparison of Trading/Non-Agricultural and Trading/Agricultural Firms

The following section provides an overview of the firms from a trading perspective. Tests using chi-square indicated a relationship between the ability of firms to trade and the product that was traded exists, X^2 (1, n=35)= 4.21, $p<0.05$. This overview provides an insight of the attributes of the businesses in terms of their legal

ownership, age, number of employees, gross sales and trading area. Then the discussion turns to the attributes of the owner in terms of age, educational attainment, and provides an overview of the networks the owner engages in carrying on the activities of the business.

5.2.1 Legal Ownership

Ownership of the trading firms is indicated in Table 5. More trading/non-agricultural firms were incorporated than trading/agricultural firms. Incorporated trading/ non-agricultural firms account for 59 percent of the trading group, with 37

Table 5: COMPARISON OF TRADING/NON-AGRICULTURAL AND TRADINGNG/AGRICULTURAL FIRMS BY LEGAL OWNERSHIP

Legal Ownership of Businesses	Trading Non-Agricultural % of Respondents N=17	Trading Agricultural % of Respondents N=8
Proprietorship	17	13
Partnership with family	24	50
Incorporated with family	35	37
Incorporated with non-family	24	0
Total	100	100

percent of the firms being owned in conjunction with family members and 24 percent being owned with a non-family member. More trading/agricultural firms were

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Total	100	100

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proprietor and partnerships than the trading/non-agricultural firms. Proprietorships accounted for 17 percent of the firms. The trading/agricultural firms showed fewer incorporations with 37 percent. Fifty percent were partnerships with family members and 13 percent proprietorships.

5.2.2 Age of the Business

Table 6 summarizes the age of the firms. The mean age of the trading

Table 6: COMPARISON OF TRADING/NON-AGRICULTURAL AND TRADING/AGRICULTURAL FIRMS BY YEARS OF OPERATION

Years of Operation	Trading Non-Agricultural % of Respondents N=17	Trading Agricultural % of Respondents N=8
0 to 5 years	28	63
06 to 10 years	24	25
11 to 15 years	18	0
16 to 20 years	0	0
21 to 26 years	30	12
Total	100	100

non-agricultural and agricultural trading firms was 12.1 and 6.1 years respectively. This mean age of these firms is identical to the agricultural and non-agricultural firms discussed in section 5.1.2. The largest percentage of new firms were the agricultural group with 63 percent. Twenty-eight of the non-agricultural firms were in the age

category of 0 to 5 years, while sixty-three percent of the agricultural firms were in the same age category. Thirty percent of the firms were between the age of 21 to 26 years in the trading, non-agricultural group, compared with 12 percent for the agricultural businesses.

5.2.3 Number of Employees

Many of the businesses that were involved in trading activities were able to provide employment for a number of people. Rural regions in Canada have been places of low income and high unemployment with a dependence upon resource

Table 7: COMPARISON OF TRADING/NON-AGRICULTURAL AND TRADING/AGRICULTURAL FIRMS BY TOTAL NUMBER OF FULL-TIME AND PART-TIME EMPLOYEES

	Full-Time Male	Full-Time Female	Total	Part-Time Male	Part-Time Female	Total
Trading: Non-Agricultural	45	13	58	35	4	39
Trading: Agricultural	6	5	11	16	13	29
Total number of employees	51	18	69	51	17	68

Trading/non-agricultural N=17; trading/agricultural N=8

industries such as agricultural, forestry, oil and gas, or fishing. Within these regions, other types of income sources are now being pursued through self-employment and

entrepreneurial activities. Small business development is seen as an important component contributing to the growth and stability of rural economies by providing employment and income opportunities for community members (Dykeman, 1992).

The firms sampled in this study provided employment, both full and part-time, for three times as many males as females. The firms provided full-time employment for a total of 69 people of whom 73 percent were males and 27 percent were females. The total number of part-time employees for the firms was 68 people of which 75 percent are male and 25 percent were female. All of the firms provided some type of employment for a total of 137 people. The agricultural firms employed considerably fewer individuals than the trading firms: 11 full-time and 29 part-time positions.

The interviewee quite often wondered if that number included him or herself, when asked about the number of employees the firm employed. The interviewer always asked for the number of employees excluding the interviewee. As well, although not included in the interview schedule, interviewees were asked about where the employees lived. A typical response regarding the female employees was "Oh, they're the local farm women," or "They're from around here" or "From here in town." This reference to "town" meant from towns such as Rosalind or Heisler but not Stettler, Camrose or Red Deer. In some cases, employees were from Holden, Sedgewick or Killam. This response, however, did not mean that these employees lived in those towns, but rather the employees might have lived in the surrounding countryside. Most of the employees lived in the local area, except for the firms that were situated close to the Edmonton-Calgary corridor. Staff, employed by firms close

to the Edmonton-Calgary corridor lived in Ponoka, Lacombe or Red Deer. Again, this response did not mean necessarily that the employees actually lived in these towns, but that they might have resided on farms or acreages.

5.2.4 Gross Sales

Seventy -five percent of the trading/agricultural firms had sales of less than

Table 8: COMPARISON OF THE TRADING NON-AGRICULTURAL AND TRADING/AGRICULTURAL FIRMS BY GROSS SALES FOR 1994

Gross Sales	Trading Non-Agricultural % of Respondents N=17	Trading Agricultural % of Respondents N=8
$0- $ 99,999	24	75
$100,000 - $199,999	17	13
$200,000 - $299,999	23	0
$300,000 - $399,999	0	0
$400,000 - $499,999	12	0
$500,000 or more	24	12
Total	100	100

$100,000 compared with 51 percent of the trading/non-agricultural firms. Thirty-six percent of the non-agricultural firms had gross sales of $400,000 or more, with twenty percent of those firms having gross sales of $500,000 (Table 8). The trading/non-

agricultural sample had twice as many firms with gross sales exceeding $500,000 than did the trading/agricultural sample. Agricultural firms had no gross sales between $200,000 and $499,999.

5.2.5 Ownership Characteristics

Table 9 describes the characteristics of the owner including gender, age, marital status and education. Eighty percent of the owners of the trading/non-agricultural firms were male and eighteen percent were female, compared to the trading/ agricultural firms with fifty percent male and fifty percent female ownership.

The trading/non-agricultural owners were older than the trading/agricultural owners, with a mean age of 45.2 and 43.7 years respectively. The average age for these owners is slightly less than the average age of an Alberta farm operator for 1991 which is 49.0 years (Alberta, 1993). Thirty percent of the trading/non-agricultural firms had owners in the age range of 35-44 years, while 62 percent of the trading/agricultural firm owners fell into the same category.

An equal number of trading/non-agricultural and trading/agricultural owners have completed high school: 64 and 62 percent respectively. Eighteen percent of the non-agricultural group had elementary schooling or less. For many of these interviewees, this an education of grade 8 or less. Many of the interviewees had some form of secondary schooling. Twenty-four percent of the trading/non-agricultural group had completed a college or technical degree and 17 percent had a

Table 9: COMPARISON OF TRADING/NON-AGRICULTURAL AND TRADING/AGRICULTURAL FIRMS BY OWNER'S ATTRIBUTES: GENDER, AGE, MARITAL STATUS AND EDUCATIONAL ATTAINMENT

Owner Characteristics	Trading Non-Agricultural % of Respondents N=17	Trading Agricultural % of Respondents N=8
Gender		
Male	82	50
Female	18	50
Age		
25 to 34 years	12	0
35 to 44 years	30	62
45 to 54 years	47	38
55 to 64 years	11	0
Marital Status		
Never Married	12	0
Married/Common law	82	88
Divorced/Separated	6	12
Widowed	0	0
Education - Secondary		
Elementary or less	18	0
Some High School	18	38
High School Graduate	64	62
Education - Post-Secondary		
Some College, Technical Or University	24	25
Technical or College Degree	24	50
University Degree	17	0
No Post Secondary	35	25

university degree. Fifty percent of the trading/agricultural owners had completed a technical or college degree. The post-secondary educational attainment for this sample was slightly less than was the case in the study by Steer and Greenwood (N.D.)

The trading/non-agricultural group were more comparable to Alberta farm operators than are the agricultural group in educational attainment. In 1991, 25.6 percent of farm operators had completed some form of post-secondary, non-university training and 10.5 percent had completed university (Alberta, 1993).

5.3 Networks Used by the Owner

This section briefly describes the networks involving the business owners. These networks are classified as: personal, friendship, broker, government, professional and volunteer.

5.3.1 Personal Networks

Four questions in the interview schedule were designed to elicit names of individuals with whom the owners would have a personal relationship. These questions were (1) With whom do you discuss your business successes?; and (2) With whom do you consult regarding financial, operating, or sales of the firm? Tables 10 and 11 outline the names elicited from the four questions for the trading/non-agricultural and trading/agricultural owners. For the trading/non-agricultural firms, all four questions revealed that many owners consulted with their spouse as the first person of contact. Five of the owners listed friends as the first person contacted to share positive events regarding the firm. As expected the accountant, banker and bookkeeper were consulted when making financial decisions, although seven of the owners consulted their spouse before anyone else. Some owners indicated that they consulted with no one, but rather

made solitary decisions about the financial, operating or sales aspects fo the firm. These responses were identified as "self."

Other family members included brothers, sisters, brothers-in-law and sisters-in-law. These individuals were most often the second person contacted when owners wanted to share success stories. These individuals were rarely consulted about the financial, operating or sales aspects of the firm. Friends were contacted most often before family or children, especially when sharing business successes.

The spouse was the primary source of sharing for trading/agricultural owners. Other individuals such as employees, appeared to play less significant roles for owners seeking counsel. The trading/non-agricultural owners consulted their employees about various aspects of the business. Four owners indicated that employees were the first people they contacted regarding making decisions about the operating and financial aspects of the business.

5.3.2 Broker Networks

Broker networks played a networks for marketing and technical information. Tables 12 and 13 indicate the importance the owners placed upon broker significant role for information acquisition for these owners. Customers provided useful information for marketing a product for 88 percent of both the trading/ non-agricultural and the trading/ agricultural owners. The owners equated customers with "word of mouth" type of information.

Trade shows and conferences were more important for the agricultural traders

than non-agricultural traders. However, there was no significant relationship between the firm's ability to trade and conferences, X^2 (2, n=17)=1.17, p<.05. Newspapers and trade journals were also very important to the trading/agricultural owners with 75 percent of the interviewees indicating that these brokers were moderate to very important. For the non-agricultural traders, conferences and trade shows were not as important: 24 and 65 percent respectively.

Eighty-three percent of the trading/non-agricultural owners indicated that customers, producers of similar products and suppliers are a very important source of and marketing technical information. Contrary to the owner's belief, there was no significant relationship found between trading and customers, X^2 (1, n=17)=.39, p<.05. Owners believed that these networks provided "know-how" that they were unable to readily access from other sources.

Trading/non-agricultural owners indicated that these events allowed them to keep track of competitors, new inventions or products. Trading/agricultural owners indicated that trade shows and conferences were very helpful for technical information concerning health care or nutritional requirements for their animals.

5.3.3 Professional Networks

Table 14 indicates the professional networks as well as the relationship of the interviewee to the professional. Six percent of the non-agricultural firms did not use lawyers and 12 percent of the agricultural firms did not use insurance services. The

Table 10: NAMES ELICITED BY TYPE OF RELATIONSHIP AND THE IMMEDIACY OF CONTACT FOR THE TRADING/NON-AGRICULTURAL BUSINESS OWNERS (N=17)

	Discussing Success # of times name mentioned					**Consulting re: Financial** # of times name mentioned					**Consulting Re: Operating** # of times name mentioned					**Consulting Re: Sales** # of times name mentioned				
Immediacy of Contact	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
Accountant	1	-	-	-	-	2	1	3	-	-	-	-	-	-	-	-	-	-	-	
Banker	-	1	1	-	-	-	1	1	1	-	-	2	-	-	-	-	-	-	-	-
Bookkeeper	-	1	-	-	-	-	1	-	-	-	-	1	1	-	-	-	1	-	-	-
Children	1	-	-	-	-	-	1	-	-	-	1	-	1	-	-	1	-	1	-	-
Customers	-	2	-	-	-	-	-	-	-	-	-	2	-	-	-	-	1	1	1	-
Employees	1	-	1	-	-	1	2	-	-	-	2	-	2	-	-	2	1	1	-	-
Friends	5	1	2	1	1	-	-	3	-	-	1	-	-	-	1	-	-	-	-	-
Other family	-	4	1	1	-	-	-	-	1	-	-	1	-	-	-	-	1	-	-	-
Partner (Business)	2	-	-	-	-	2	-	-	-	-	2	-	-	-	-	-	1	-	-	-
Self	-	-	-	-	-	3	1	-	-	-	4	2	-	-	-	6	1	-	-	-
Spouse	6	1	1	-	-	7	2	-	-	-	7	2	-	1	-	5	2	-	-	-

Table 11: NAMES ELICITED BY TYPE OF RELATIONSHIP AND THE IMMEDIACY OF THE CONTACT FOR THE TRADING/AGRICULTURAL BUSINESS OWNERS (N=8)

	Discussing Success # of times name mentioned					**Consulting re: Financial** # of times name mentioned					**Consulting Re: Operating** # of times name mentioned					**Consulting Re: Sales** # of times name mentioned				
Immediacy of Contact	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
Bookkeeper	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	1	-	-	-
Children	-	2	-	-	-	-	-	1	-	-	-	1	-	-	-	-	1	-	-	-
Friends	2	1	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-
Other family	-	2	1	-	-	-	2	-	-	-	1	-	-	-	-	-	1	-	-	-
Similar Products	-	-	-	-	-	-	-	-	-	-	-	2	-	-	1	-	2	-	-	-
Self	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-
Spouse	6	-	-	-	-	7	-	-	-	-	7	-	-	-	-	7	-	-	-	

Table 12: COMPARISON OF TRADING/NON-AGRICULTURAL AND TRADING/AGRICULTURAL FIRMS BY PERCENTAGE OF IMPORTANCE OF BROKER, FRIENDSHIP AND GOVERNMENTAL NETWORKS FOR MARKETING INFORMATION

Type of Network	Trading Non-Agricultural Moderate to Very Important	Trading Non-Agricultural Not Important	Trading Agricultural Moderate to Very Important	Trading Agricultural Not Important
Broker Networks				
Word of Mouth	88	12	88	12
Trade Shows	65	35	88	12
Producers of Similar Products	59	41	50	50
Sales People	53	47	37	63
Newspapers etc.	41	59	75	25
Suppliers	36	64	50	50
Trade Journals	24	76	75	25
Auction Sales	24	76	62	38
Conferences	24	76	62	38
Internet	0	100	0	100
Friendship Networks				
Friends	59	41	37	63
Government Networks				
Municipal Gov't	0	100	0	100
Federal Gov't	18	82	12	88
Provincial Gov't	24	76	12	88

Trading/Non-Agricultural, No=17; Trading/Agricultural, No=8

Table 13: COMPARISON OF TRADING/NON-AGRICUTLURAL AND TRADING/AGRICULTURAL FIRMS BY PERCENTAGE OF IMPORTANCE OF BROKER, FRIENDSHIP AND GOVERNMENTAL NETWORKS FOR TECHNICAL INFORMATION

Type of Network	Trading Non-Agricultural Moderate to Very Important	Trading Non-Agricultural Not Important	Trading Agricultural Moderate to Very Important	Trading Agricultural Not Important
Broker Networks				
Word of Mouth	83	17	63	37
Trade Shows	59	41	75	25
Producers of Similar Products	83	17	87	12
Sales People	47	53	37	63
Newspapers	23	77	37	63
Suppliers	83	17	50	50
Trade Journals	41	59	75	25
Auction Sales	24	76	50	50
Conferences	12	88	88	12
Internet	0	100	0	100
Friendship Networks				
Friends	59	41	37	63
Government Networks				
Municipal Gov't	0	100	25	75
Federal Gov't	12	88	25	75
Provincial Gov't	17	83	12	88

Trading/Non-Agricultural, No=17; Trading/Agricultural, No=8

majority of the people providing professional services were not related to the business owners, nor were they friends. Seventy-six percent of the non-agricultural owners

Table 14: COMPARISON OF TRADING/NON-AGRICULTURAL AND TRADING/AGRICULTURAL FIRMS BY PERCENTAGE OF OWNERS USING PROFESSIONAL NETWORKS AND THE RELATIONSHIP OF THE OWNER TO THE PROFESSIONAL

Professional Networks	Spouse	Family Member	Friend	Other	Do Not Use
Trading/Non-Agricultural					
Professional Networks					
Accountants	6	6	24	64	-
Lawyer	-	18	76	-	6
Banker	-	6	6	88	-
Insurers	6	-	36	58	-
Trading/Agricultural					
Professional Networks					
Accountants	-	-	12	88	-
Lawyer	-	12	26	63	-
Banker	-	12	-	88	-
Insurers	-	-	12	76	12

Trading/non-agricultural N=17; trading/agricultural N=8

indicated their lawyer was their friend compared with twenty-six percent of the agricultural owners. Six percent of the non-agricultural traders had a spouse who was a professional accountant. Six percent had a spouse who acted as the insurance broker for the business.

5.3.4 Volunteer Networks

Table 15 represents the percentage of owners who belonged to volunteer organizations and the type of volunteer network. Seventy-six percent of the trading non-agricultural owners and eighty-percent of the agricultural owners belonged to organizations. Seventy-five percent of the agricultural owners belonged to a volunteer business or professional organization, twice the number of the non-agricultural owners. Community volunteer involvement was approximately the same for trading/non-agricultural and trading/agricultural owners with 59 and 50 percent respectively.

Table 15: COMPARISON OF TRADING/NON-AGRICULTURAL AND TRADING/AGRICULTURAL FIRMS BY PERCENTAGE OF OWNERS BELONGING TO AN ORGANIZATION AND TYPE OF VOLUNTEER NETWORK

Volunteer Networks	Trading Non-Agricultural N=17	Trading Agricultural N=8
Belong to an Organization	76	88
Volunteer Networks		
Business/Professional	35	75
Community	59	50
Government/Political	18	-
Religious	53	25

Fifty-three percent of the trading/non-agricultural owners indicated some type of church affiliation with religious organizations compared to 25 percent for the trading/agricultural owners.

5.4 Fieldwork Observations

5.4.1 Apprenticeship

The owners were very rich in experience and had apprenticed or learned aspects of their current business over many years. Through this period of time, the owners were able to build contacts, or determine the technology niche where they eventually would launch, acquire or build their business. The owners whether or not they were involved with non-agricultural or agricultural ventures apprenticed in many different ways: hobbies, military service, work experience or agricultural activities. A machinist interviewed noted that "they trained me to be a machinist during the war - that's where I learned my trade. When I came back I worked for a welder. Thought I could do it on my own - so I set up shop here." Another owner explained that "I've always carted horses and cattle for someone - either to rodeos or shows - didn't like the trailers. They weren't safe for the animals. Not sturdy. So I modified one for someone. That's how all this started." Another owner claimed that "a business I was working for went bankrupt and owed me wages. I needed work so I traded wages for assets and then purchased another bankrupt business and combined the two." Still another owner indicated that "I worked very hard for a company up north. Learned the industry for 15-16 years before I started out on my own."

These owners learned their business knowledge not through structured class learning but through observation, hands-on practice, and conversation. This mode of learning is essential for the current business to operate effectively. Consistent with this observation is that owners indicated that customers, producers of similar products,

suppliers and trade shows rated very important for acquiring technical information (Table 13).

In addition to learning technical skills through apprenticeship-type activities, these owners also were engaged in social apprenticeship. This apprenticeship provided owners with exposure to various leadership skills necessary to operate a business venture of their own. The owners would learn, through other work related experiences how to resolve conflicts, how to persuade, in other words how to get along with people in the work-a-day world such as customers, suppliers, partners, financial backers or others within their network of acquaintances with whom they interact with on a regular basis. Social apprenticeship would include learning what the industry is about, what the everyday life of that particular business is like, how people within the industry talk, work and generally conduct their lives, how people within that industry deal with outsiders; and what established people within the industry respect, enjoy, dislike and admire. Social apprenticeship increases an awareness of how established industry members collaborate, collude and sometimes even collide.

5.4.2 Tuition Fees

Tuition fees for a business owner are the costs of purchasing expertise and know-how. Learning costs often mean forgoing income, going though periods of trial and error in product design, hiring professional services or incurring franchise fees. For example, one owner, who manufactures equipment for the cattle industry, claimed that "I made quite a few of these things before I got it right." Labour, design and material costs were

the tuition fees that this owner incurred before the product could be made ready for production and sale.

Another owner had not anticipated having water problems because the wells always had been an adequate source water. These owners claimed that the activities of seismic crews working the area had changed the water supply and quality. A substantial amount of product was lost as a result. These owners replaced the existing system with a more sophisticated system that monitors mineral content and ensures proper quantities of water for the plants. "That was an expensive lesson" noted the owner.

Owners of ostriches and emus indicated that they were constantly changing the pens. They were investing large sums of money in pens and fencing. Each owner seemed to be creating the pens by trial and error. They were constantly learning how to move the birds safely from one area to another especially the mating pairs. As well, many of the owners did not appear to realize the amount of space that would be required for the birds nor the type of pens that would be needed for the birds in cold weather. As one owner noted "I've spent a fortune on the fencing for these birds and I still haven't got it right."

5.4.3 Sharing Ideas

Many of the owners really wanted to talk about their business and the industry they were involved with. Some owners wanted to talk about new products they were hoping to design, new market possibilities, relationships that they had with community members and the community, animal health concerns as well as their life in general. The

owners talked quite freely about their hopes and dreams for their business. Many of the owners, because of the unique aspect of their business venture, may be unable to talk about the business within their conventional social relationships. As one owner indicated "If I talked about my business at the coffee shop, I'd soon be sitting alone by the window."

As well, many owners need to "bounce their ideas" off impartial third parties. The impartial party may be someone who the owners feel they can interact with who is perhaps perceived as non-judgemental and tolerant of new and innovative ideas. Ideas may become more concrete in the owner's mind if they are able to verbally articulate their thoughts. This interaction may help the owner to establish priorities, identify problems or obstacles, identify risks and plan for coping strategies, as well as marshalling outside help and resources.

5.4.4 Other Observations

Women involved with specialized agriculture activities appear to use the endeavour as "pin money". Often, their husbands were not involved in any type of farming activity. These men either worked in the oil industry or operated a small business. Thus the activity appeared to be a leisure pursuit for the women rather than a full fledged occupation.

Both men and women are extremely affectionate with the animals and birds. They often indicated that they had a very difficult time selling these creatures. Many indicated that they just "hated to get rid of them" and would rather "sell them for

breeding stock rather than see them go to slaughter." These statements seem to be in stark contrast to raising more traditional types of livestock where it is understood that the animals would go to slaughter.

Many of the manufacturing firms seem to be on the end of the industrial age. Much of the technology in use was simple and obsolete. Owners indicated that they frequented auction sales to buy equipment. If they purchased equipment they tried to purchase two pieces of the same type since parts often could be a problem to obtain. One machinist interviewed indicated that "I can see that in another ten years this type of business will be gone from the country. Machinery, today, is more complex and people will have to go to large centres to get the work done. Places like Olds College teach welding so the minor stuff can be done on the farm. I won't be needed."

Even though some of the businesses manufacture items, by and large the businesses are cottage industries. Often workers are paid by the project or on contract. These people are not salaried employees. Many of the goods produced on the farm or in the home are for local use with only a small amount of the product reaching out beyond the local and provincial borders.

5.5 Summary

An overview of the findings has been presented in this chapter. Agricultural and non-agricultural firms have been discussed on the basis of owner and business characteristics. Throughout the remainder of the chapter, an overview of the firms has been presented from a trading non-agricultural and trading agricultural perspective.

The mean age of the trading/non-agricultural businesses was almost twice that of the trading/agricultural endeavours - indicating that specialized agriculture might be a relatively new activity in the East Parkland's area. It was significant that the twenty-five trading firms created 137 full-and part-time work positions. Also significant was that approximately three times as many men are employed as women.

The trading/non-agricultural firms had a greater range of sales than did the trading/agricultural firms. The trading/agricultural firms had sales clustered at the $0 - $99,999 range.

The average age of the trading/non-agricultural owner was slightly older than the trading/agricultural owner, but both were younger than the average age of the Alberta farm operator. Both samples appeared to have the same levels of education, at both secondary and post secondary levels.

Customers or "word of mouth" were the most important source of information for marketing and technical information, within the broker networks. Government networks were rarely used by the sample of owners. But if these networks were used they involved government personnel from other provinces or countries. Business and professional volunteer organizations were used by twice as many trading/agricultural owners as the trading non/agricultural owners.

Rural business owners acquire knowledge and know-how from observation and hands-on learning. Conventional educational opportunities are unable to provide the necessary learning experiences that these owners require to operate and maintain their businesses. Trade shows serve as venues for learning opportunities since these activities

provide an opportunity for owners to observe and talk with others who share similar interest. The following chapter focuses upon the trading non-agricultural and trading agricultural firms from a network perspective.

6. DISCUSSION OF RESULTS

In the previous chapter, discussion centred upon characteristics of the firm, the owner and an overview of the networks used by the owner. Owners operated their businesses in a complex social environment that included the intimate relationship of their spouse or significant other, their friends, and the people connected with the on-going operation of the business. The key hypothesis for the study was that owners are involved in a complex web of networks that constrain or contribute to the operation of the business.

The discussion of the results begins with the relationships of the intimate, friendship and broker networks, and concludes with a discussion of the weaker relationships of broker, professional and institutional networks that the owners are involved in. This discussion of results focuses upon the firms from a trading/non-agricultural and trading/agricultural perspective.

6.1 Discussion of Networks: Part I

A combination of quantitative and qualitative analysis was used to conceptualize the embeddedness of social relationships in the economic life of the businesses. This discussion takes place in two parts. The first part includes discussion regarding the intimate, friendship and broker networks. A representation of this discussion is shown in figure 2. The second part continues the discussion to include the governmental, volunteer and professional networks. An illustration of these additional networks

appears in figure 3.

6.1.1 The Intimate Network

The workplace was home for many of the owners. Therefore propinquity of the owner and the spouse increased the likelihood that these two people would share information and talk about the business operation with each other. "The higher degree of emotionality in the conjugal unit is accentuated by the fact that custom forbids the individual to go anywhere else in society for solace" Goode (1982:110). The intimate network has been defined as the owner's spouse for this study. Eighty-two percent of the trading/non-agricultural and 88 percent of the agricultural owners were married. The spouse was the first person contacted when these owners wanted to share their business successes or when they wished to consult someone about the operating, financial or sales aspects of the business (Tables 10 and 11).

Closure within networks is the ability of network participants to support or rebuke its members (Reimer, 1995). "Kinship roles often involve individuals in a network of loyalties that discourage them from taking an attitude of economic calculation, and thus dampen economic activity" (Smelser, 1975:82). Twenty-four percent of the trading/non-agricultural and 50 percent of the trading/agricultural owners had a spouse present at the interview. These spouses were active participants during the interviews. If the female spouse felt that she was not being heard, she attempted to justify her position with words and phrases like "because," or "You know we do this." In other instances, when the question was asked about the importance of the spouse in

gleaning marketing or technical information, the husband would turn to the wife and ask "How important are you?" Some of the responses were very emphatic with comments such as "I'd better be important," or "I'm damned important"; Other replies were less enthusiastic such as, "Put what you want," or "It's up to you." The above comments of the spouse would indicate that some type of sanction was present in these relationships, but the type and intensity remained hidden.

Some of the women read the interview schedule to the husband and made sure that he understood the question. If the spouses were not in the room during the interview, they were close enough to make comments during the interview. These spousal relationships might be very important to the owners because the spouse provided the owner with a sense of appreciation, practical assistance such as bookkeeping services for the firm, literacy skills for the owner, or being an "ear to the ground" when attending conferences or other activities. One interviewee indicated that

> My wife made friends with another competitors wife at a conference - not exactly a competitor because they're from another country. Now we're going there for a holiday and staying with them - a good opportunity for me to see how things are done there.

Some owners claimed that they did not discuss with anyone, the financial, operating or sales aspects of the business. Some owners indicated, when asked about whom they consulted with when making business decisions, that there was "no one else around so I do it myself." These owners had no hesitation in indicating "self" as the contact. "Self" cannot be described as a network per se. But owners provided some

elaboration for answering "self". Self meant that they "pray" or "have a prayerful relationship with God". Religion might be an integral part of the owner's life since 53 percent of the non-agricultural and 25 percent of the agricultural owners indicated they had a religious association (Table 15).

"Religious beliefs appear to add a sense of rationality and order to economic relations that are themselves inherently uncertain" (Wuthnow 1994:640). Prayer might provide an opportunity to meditate, in private, about the business operation. It might be a psychological means of breaking away from the responsibilities of the family and firm by providing "down-time" for thinking. Prayer might also be an opportunity for owners to deal with their emotions, conflicting ideas or events before these concerns are presented to people who may be affected by the decision. Of course, this is speculation on the researcher's part and requires further study. Nevertheless, owners mentioned this aspect of decision making, so prayer well might be a significant aspect of their lives.

6.1.2 Friendship Networks

Friendships are important to a person's well-being. Friendships provide companionship for social activities or practical assistance. Friendships provide solace, strength and support in times of crisis (Fisher, 1982) (Shamley, 1990). Owners shared their successes with their friends. Friends were the first contact with five trading/non-agricultural and two trading/agricultural owners when they wanted to talk about their business achievements.

Fifty-nine percent of the trading/non-agricultural owners felt that friends provided them with some type of information which would help them market their product. Friendship was weakly and negatively correlated with total gross sales and strongly and moderately correlated with sales beyond local Alberta markets, Canada and the US and Mexico (Table 16). One owner believed that a friend made a significant and practical contribution to his business. The owner indicated that

Table 16: KENDALL'S CORRELATION CO-EFFICIENTS MEASURING THE RANKED ASSOCIATION BETWEEN GROSS SALES AND FRIENDS, CUSTOMERS, CONFERENCES AND TRADE SHOWS FOR MARKETING INFORMATION

Gross Sales	Friends	Customers	Conferences	Trade Shows
Trading: Non-agricultural				
Gross sales - Total	-.03	.23	.58**	.44**
- Alberta	.36	-.06	-.06	.06
- Canada	.32	.06	.14	-.08
- US and Mexico	.43	.21	-.11	.34
- Other	-.20	.21	-.19	.15
Trading: Agricultural				
Gross sales - Total	-.40	.21	-.36	-.73*
- Alberta	.05	.07	-.34	-.12
- Canada	-.14	-	-.08	-.51
- US and Mexico	-.40	.20	-	.21
- Other	.27	.14	.41	.14

Trading/non-agricultural N=17, trading/agricultural N=8, Significant at P<.05*, P<.01**

"My friend works the trade shows for me, he goes to everything in Alberta, Saskatchewan and Manitoba." This owner did not have time to promote his own product, but the friend provided this service for him. Friendships might work for sales in Western Canada because travel there is relatively easy and not as time-consuming as travel is to other parts of Canada or internationally.

Friendships while being a source of pleasure when sharing the positive aspects about the business, might be a source of pain especially when friendships have declined or when the friendships have failed to provide the support and information that the owners anticipated. One owner noted that "Since my husband took sick, we don't have the friends come that we used to...they seem scared to come now." Another owner indicated that his interests had changed since he started the business. He expressed this sentiment "I'm sure that many of our friends feel neglected, but I just don't have the time and I'm not sure they [friends] understand that."

Granovetter (1973) suggests that close family and friends are the least likely to share pertinent information. The negative and weak correlations for friends and total gross sales might indicate that the more important owners believed their friends were in providing information about marketing their product the less likely their sales would increase (Table 16). This might indicate that overall friends did not provide as much assistance for marketing information as the owners believed. Perhaps owners were "looking through rose-coloured glasses" because they feared being isolated within their own personal community.

Many of these owners indicated that their customers have become "good

friends." If the customers have moved from a peripheral role in the owner's life to a significant role, these owners might be cutting themselves off from important information. Good friends might be reluctant to indicate that prices are too high or too low, that the product quality is less satisfactory than they would like, or that the product is becoming obsolete in the market place. In other words, friends might not want to be the "bearer of bad tidings." Friends might not want to jeopardize a relationship. Friendships might be fragile because the owner's interest has changed from activities once done together, to a single overriding preoccupation with the business. As well, friends might not wish to be reproached or held accountable by owners for a perceived indiscretion.

6.1.3 Broker Networks

Brokers are not necessarily entrepreneurs; instead they facilitate the economic actions of the entrepreneur (Aldrich and Zimmer,1986). A number of broker networks were identified for this study and included customers trade shows and journals, conferences, auction sales, newspapers, suppliers and sales people and the internet.

Correlations suggest that relationships exist between gross sales of the trading non-agricultural firms and the number of networks the owners belong to for technical and market information. Total gross sales are positively, moderately and significantly correlated at 0.42 for technical networks (Table 17). This correlation would suggest that the higher the total gross sales the more likely that owners would use technical networks.

Broker networks for technical information were positively and significantly correlated with sales to the United States and Mexico. These broker networks might be providing sound, usable information for selling their product abroad such as cultural

Table 17: KENDALL'S CORRELATION CO-EFFICIENTS MEASURING THE RANKEDASSOCIATION BETWEEN GROSS SALES AND BROKER, PROFESSIONAL AND VOLUNTEER NETWORKS FOR TECHNICAL INFORMATION

Gross Sales	Broker Technical	Networks Marketing	Professional Networks	Volunteer Networks
Trading: Non-agricultural				
Gross sales - Total	.42*	.24	.17	.41*
- Alberta	.03	-.12	-.16	-.03
- Canada	-.08	.07	-.01	.18
- US and Mexico	.42*	.53*	.23	.23
- Other	.35	.32	.14	.15
Trading: Agricultural				
Gross sales - Total	-.28	-.33	.50	-
- Alberta	-.23	-.30	.39	.12
- Canada	-.07	-.07	.49	.12
- US and Mexico	-.28	-.33	.50	-
- Other	.53	.45	-.26	.54

Trading/non-agricultural N=17; Trading/agricultural N=8; Significant at P<.05*, P<.01**.

knowledge, advertising strategies or customs regulations. Owners might be benefiting from "the strength of weak-ties." These owners might be acquiring an abundance of knowledge and know-how from the numerous broker networks in which they were

involved. Trading/agricultural firms showed negative and non-significant correlations with broker networks (Table 17). Part of the reason for these negative correlations might be that these were infant businesses; the mean age was 6.1 years. Owners might be applying knowledge from their involvement in the grain and cattle industries. This knowledge might not be appropriate for a new industry that might function in a vastly different way. One owner indicated "I'd never take my animals to an auction mart. It's not like cattle. In our industry culls and poor stock go to auction. You've got to be careful." Owners who raised ostrich and emu had difficulty getting the chicks to feed. As a result there had been a high mortality rates for chicks.

The following discussion attempts to provide a broader interpretation about composition of the broker networks. The discussion includes customers, trade shows and conferences and the internet. This discussion indicates some of the diversity of the owner's attitudes toward these activities and is confined to the trading/non-agricultural firms.

6.1.3.1 Customers

Customers provide owners with important information crucial to the business (Hartman et al 1994:45). Eighty-three percent of the trading/non-agricultural firms felt that their customers, through word-of-mouth, brought them most of their customers. The owners always equated customers with word-of-mouth. "That's how I get all my work" was one reply. Another reply was "I seldom advertise - too expensive, so I rely on my customers." Yet correlations suggested that the more important the owner

thought the customer was, the less likely they were to sell their product (Table 18).

These weak correlations might indicate that owners were becoming too dependent upon a few customers and developing strong ties to their customers. This might change or hinder the flow and quality of information received by the business owner. Customers with strong ties to the owner might withhold valuable information, both positive and negative. One owner indicated a problem of strong ties to a single customer this way: "...so by him [the distributor] building up his business he built up mine...but since he [the distributor] retired things have gone down...I see that dealing with one person is not good."

Business owners indicated a considerable reliance upon the customer and "word of mouth" marketing. "Our customers are standing order customers now, that's how we get referrals," or "In our business the customers come back about every two years, - when [the product] wears out." Another owner spoke about using distributors to sell his product: "It sure takes the pressure off me trying to sell my [product]. They [referring to the distributor] have connections." However, another owner indicated that he would never use a distributor because "They take all the profit, nothing left for me."

Owners might not have realized that they were developing strong ties with their customers. These strong ties might close doors to other opportunities and inhibit the flow of information. In some cases, information such as customer referrals or payment of accounts might not be forthcoming. For example, customers who became friends might use the trust and confidence built up to procrastinate about paying accounts. Owners might not wish to breach the relationship by using either personal or legal

means to pressure the customer into paying.

However, trading/non-agricultural owners believed that the customer provided them with useful technical information. One owner indicated "My customer tells me what they want and I do it, then I use the ideas for other [products]." Correlations for gross sales and broker and technical networks were positive and significantly correlated (Table 17). These correlations might indicate that reliance upon the customer for "know-how" or new techniques might be a sage strategy.

6.1.3.2 Trade Shows and Conferences

"Conferences and other types of meetings provide periodic opportunities to reaffirm or redefine shared values, to establish and re-align relationships, to conduct work and to have fun with others" (Lipnack and Stamps,1986:27). Trading/non-agricultural owners indicate that these events are very important to them. This is especially the case for trade shows, where 65 percent of respondents indicated trade shows were very important (Table 12). Conferences were less important with 24 percent of the respondents (Table 12). One owner observed that "You can learn a lot over dinner - we met a group at the conference and went for dinner afterward - the talk at the dinner table was pretty helpful"; and another owner indicated "I learned in one of the sessions my signs were wrong, so I came home and changed them."

Data suggest that conferences and trade shows used for marketing information are moderately, positive and significantly correlated with total gross sales (Table 16). This suggests that the more important trade shows and conferences are to the owner, the

more likely they would affect the sales generating capacity of the firm. The weak correlations for gross sales in Canada and the negative correlation for Alberta may indicate that trade shows and conferences help overall sales, but sales for specific areas may be influenced by other variables. This finding is corroborated by some of the comments made by owners who indicated that they rarely made sales at trade shows or conferences, but that they thought that these events were good for product exposure. Perhaps these correlations reflected the relationships that existed because local customers knew the producer by community knowledge. Trade shows and conferences spread the firm or owner's reputation and product quality farther afield. As well, owners attending these events might obtain an understanding of where their products fit into a larger market or how these products could be adapted to fit new and different market areas.

Disappointment might arise for owners because there might be an expectation that sales should occur at these events. However, these events might be a socially acceptable venue where competitors could interact or new technologies could be exposed and demonstrated. These events might be a catalyst where new product ideas could emerge. For example, one owner used plastic pipeline conduit in his product. This product was sold primarily to firms within the cattle industry. This owner saw the conduit at an oil industry trade show and modified his product using the conduit.

6.1.3.3 The Internet

The internet, the newest wave in communication technology, has not been

embraced by the owners. Many owners indicated they could see the benefit of the technology but had not used it. Three interviewees used private satellite services and indicated that they could obtain all the information they needed without accessing the internet. One owner said "I don't need the internet, I use a private satellite service and it gives me more than enough information." Part of the reason for this reluctance to use the internet might be that at the time of the interviews, many firms needed to pay long distance charges to access a server. Perhaps firms would use the internet for information acquisition if access to the internet could be through local exchanges that eliminated expensive long distance communication. If local rates for internet service could be arranged, many firms might consider purchasing the necessary soft and hardware facilitating access to the internet. These comments are speculative. Further research would be required to determine the benefits of internet use for these owners.

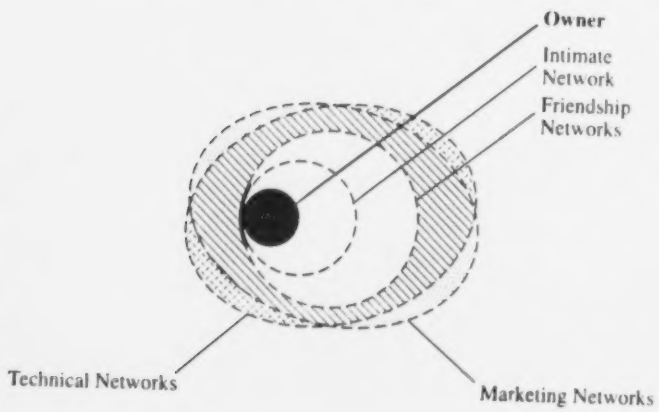
6.2 Summary of Network Discussion: Part I

Figures 2 illustrates the relationship that has been described thus far. Owners are central to the network. These people have created the personal relationships. Owners are connected to the intimate network by a solid line. Intimate networks for this study are based on who the owners contact and from the qualitative data from the fieldnotes. Intimate ties might place possible restrictions on the owner's activities, since the owner might be unable to go anywhere else to receive comfort or reassurance. The broken lines on the intimate network indicate that this network also reaches out beyond the immediate interactions with the owner. The contribution made by the

intimate network includes establishing friendships or providing practical assistance to the owner.

The friendship network is connected to the owner with a solid line. Friendship networks are identified by the importance the owner places on the relationships. These friendship networks, much like the intimate network, could be a two-edged sword.

Figure 2:Conceptualization of Networks: Intimate, Friendship and Broker Networks



Friendship networks are joined with broken lines that allow penetration into other networks. On the one hand, this network might be a strong tie impeding business activity, while on the other hand this network has weak ties that link owners to people or events that might augment the business activity. Some friends provided practical assistance such as working trade shows or minding the business when the owners were away.

Broker networks have been shown in an elliptical fashion around the intimate

and friendship networks. These networks are based upon the interviewees opinion about how important these networks are in providing varied types of information. For example, the purpose of a trade show might not be a venue to sell a product. Rather the trade show might be a place to focus on competition where owners can see what is being done by others in an industry and obtain ideas to modify existing products. Conferences, however, might be a place to focus on cooperation - a place to meet people who share common interests and beliefs fostering mutual entrepreneurial activity.

Thus the networks have been shown as overlapping. Other resources the networks bring to the owner might widen the owner's knowledge base and help to form new social relationships thus creating an environment for entrepreneurs to enter into trading activities (Aldrich and Zimmer, 1986). The boundaries are permeable because information flows in and out of the networks - to and from the owner, sometimes through the intimate and friendships networks.

6.3 Discussion of Networks: Part II

The previous discussion concentrated on the intimate, friendship and broker networks. The second part of the network discussion focuses upon the governmental, volunteer and professional networks.

6.3.1 Government Networks

Granovetter (1992) alludes to the use of government contact in his anecdotal

description of Chicago-Edison and the importance of government contact to Insull. Institutional networks for this project include government agencies at the three levels: federal, provincial and municipal. Each level of government has programmes and information services that can be accessed by business owners. For example, Alberta Agriculture has personnel specializing in business management as does Alberta Economic Development and Tourism. Various types of funding schemes are available from federal and provincial government programmes that include options for financing or business management and marketing and export programmes.

Respondents were asked if governments at the three levels, - federal, provincial and municipal, - provided any information pertaining to marketing and technical information. Less than 25 percent of the owners contacted government personnel for this purpose (Table 12). One respondent indicated that he hadn't received any help from government, and then added, "I've never asked."

Interviewees who used the services of government personnel rarely used Alberta government personnel but rather used government personnel from other provinces. This choice was partly because of the specialized nature of the operation and partly because these owners want to remain anonymous. Another owner indicated going beyond Canadian government departments and accessing information from various government departments in the United States. This owner indicated that "Our own people just don't have what I need." The specialized nature of the business may lead owners to believe that Canadian government agencies and departments have no relevant technical expertise and know-how that can be applied to their particular business

venture.

One owner had obtained a seat on the local town council. His specific goal was to promote the town as a place for business activity. He noted, "No one promotes business here, everyone thinks tourism is big, but I don't see it." This owner believed that being on town council would enable him to make more contacts and "find out what's going on."

6.3.2 Volunteer Networks

Membership in volunteer organizations is determined by income rather than by length of residence or life-cycle stages (Goudy 1990). Some interviewees indicated that they were "active when the kids were small, but not now." Contrary to Goudy's findings, the stage in the life-cycle that these owners are in may contribute to their non-involvement in organizations, considering the average age of these owners is 45 years.

Yet involvement by business owners might be a way to meet other community members as well as individuals from outside of their local area. Seventy-six percent of the trading/non-agricultural group indicated that they belonged to an community volunteer organization (Table 15). These volunteer activities included producer groups, trade associations or local community organizations such as community clubs, agricultural societies, hockey and ball clubs.

Volunteer organizations were moderately and significantly correlated with total gross sales for the trading/non-agricultural firms. This suggests that the more organizations the owner was involved with the greater the gross sales of business were

likely to be. The chance meeting of people at social events might lead to unexpected relationships enhancing business opportunities rather than a pragmatic approach designed to increase the owner's circle of friends.

One owner was very involved in a volunteer organization. The person indicated that this organization was attempting to have the industry become more regulated. "I was asked to join the board and it's really helpful - you learn a lot and meet different people." Another owner indicated that at the association meetings, he learned what was happening in the industry. He indicated that " The executive works closely with some government people, they report back to us - but I never talk to government people." Another owner was asked to join a volunteer government board to set standards for the industry. This individual noted "I really enjoy being involved, but it takes time."

"Belonging" to a volunteer organization did not mean active participation for these owners. Contrary to the correlations some of the interviewees indicated that they didn't have much time for active involvement. Some owners indicated that they joined organizations to obtain the journals and literature. They did not attend meetings. One interviewee indicated that "As far as community stuff, I give money if I'm asked. I get my community information over coffee with my employees." Perhaps this owner is avoiding the possibility of developing strong ties within the community. If strong ties developed the owner might be obligated to provide personal services or contribute more money than the business could afford. The owner opted for non-involvement rather than becoming obligated.

Owners might not have the human resources to operate the business with all of

the day-to-day concerns and be active participants in business and community activities, since many owners were self-employed and had very few employees. So the owners might put the affairs of the business ahead of any sort of social involvement. The business becomes a "greedy institution" consuming the owners' whole being. As one spouse indicated "My husband thinks about this [the business] constantly. He takes the cell [phone] everywhere and phones back all the time. Even on holiday."

6.3.3 Professional Networks

Businesses reach out at some time to acquire specialized information through professionals such as lawyers, accountants or insurance people (Young and Francis, 1993). These professionals interpret the policies and directives of various levels of government. The only exposure to government for many owners was through the professions: accountants, lawyers or bankers. Accountants interpret both provincial and federal tax laws that include individual, corporate and employee taxes; lawyers interpret corporate, contract or trademark and patent law; bankers interpret laws that affect investments and bank loans, both corporate and personal.

Professional networks might have knowledge of their own, but lack the specialized knowledge about the businesses they serve. One owner claimed that "I got so damned mad trying to explain to them [a bank loan officer] what I did, I finally walked down the street." This owner not only changed banking institutions, but he took his business to a larger town outside of the East Parklands area. These professions might have strong ties to government, but become intermediaries between government

and business owners: the government being the rule maker, the professions being the rule interpreters.

For the trading/non-agricultural sample, professional networks showed no significant relationships to increased trading activity (Table 16). Perhaps these owners used the professions as little as possible because the professions have a reputation of charging high fees. The professions,- accountants, lawyers, bankers and insurers - were described by the owners as acquaintances (Table 14). Although, some owners indicated that "Our accountant is now our friend, he wasn't when we first went to him."

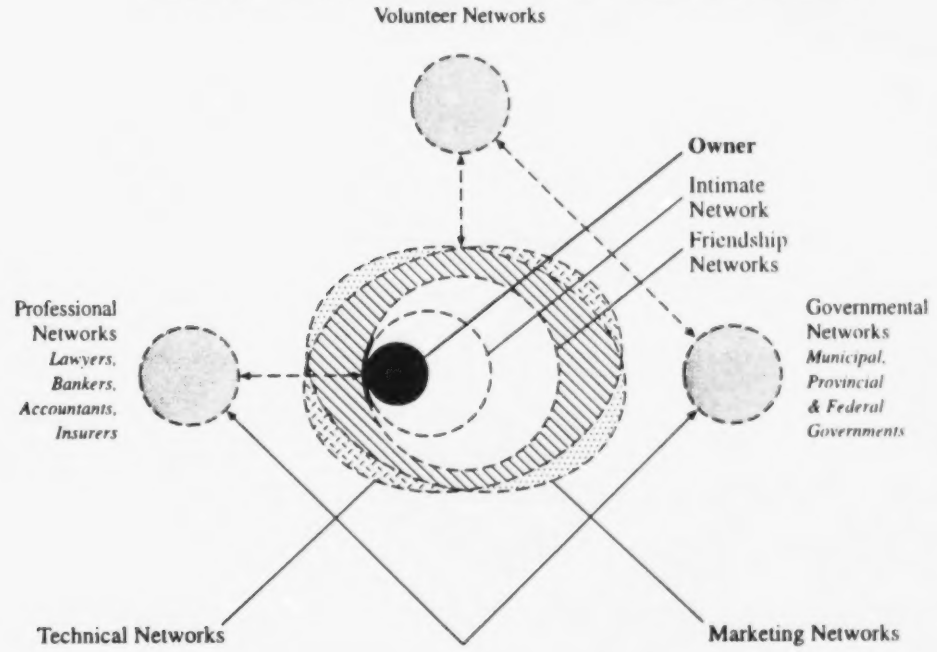
6.4 Summary of Network Discussion: Part II

Figure 3 extends the conceptual framework to include the professional, governmental, and volunteer networks. This part of the framework is based upon the owners' interpretation of these networks and whether or not the owner belonged to a volunteer organization or accessed governmental or professional help. The solid lines between the governmental and the professional networks indicate that information is going directly between the two networks. Government networks are connected to the volunteer networks with a broken line because owners indicated there was little direct contact

between the two, although some interaction was present. Interaction occurred when governments sponsored workshops and conferences or made presentations at these events.

Volunteer networks have broken lines to the broker networks. Often volunteer

Figure 3: Conceptualization of Networks:
Including Professional, Government and Volunteer Networks



organizations, such as the Chamber of Commerce, sponsored trade shows or conference events. For example, owners of fibreglass businesses indicated they attended a yearly conference and trade show sponsored by the Composite Fabrication Association.

The professional networks also interacted through the broker networks. Often professionals might speak at conferences on various topics: lawyers might speak on drawing up contracts or advertising regulations, accountants might speak on tax law, retirement options or business transfers. Professional networks are directly connected to the owners because owners relied on these individuals for specific services such as year-end accounting, incorporation or bill collection.

6.5 Summary

This chapter has presented a picture of the embeddedness of the webs of

relationships that owners encountered in the process of doing business. Strong ties to family and friends appeared both to constrain and to complement the owner's business activities. Strong ties to family and friends might be providing knowledge about what was necessary for the local market area. For example, the intimate network provided the following information: if a bookkeeper the knowledge was about current finances; if a spouse the observations might be about the day-to-day impact of the owner's activities upon family and friends.

Weak ties appeared to be linked to what Dewalt (1992) refers to as scientific knowledge that is more specialized and can be used in different locations. Weak ties to the broker, volunteer, governmental, and professional networks tended to provide more specific utilitarian functions. This information contributed to the owner's ability to access new markets, or incorporate new ideas or concepts that were transmitted through the weak ties into the business.

Broker networks and to some extent volunteer networks appeared to facilitate both cooperative and competitive behaviour. This type of behaviour is brought together, simultaneously, at events such as trade shows, conferences and auction sales. Owners were able to meet and make friends at these events, but at the same time come away with new ideas for operating their businesses.

Professional networks appeared to facilitate the day-to-day operation of the business by providing bookkeeping services and advice, filing tax returns or collecting accounts. The professional networks have appeared to be less well placed to aid the firms with market expansion opportunities.

7. CONCLUSIONS AND RECOMMENDATIONS

7.1 Summary

East Parklands in Alberta is diverse in value-added economic activity. Busuinesses contribute to the local community by their very existence in the region. They locate their firms in the area because it is home and they want to live there. Distance, from Alberta's two major metropolitan centres Edmonton and Calgary, appears to be of little concern to the owners.

The research results indicate that owners operate their businesses in a complex network of personal relationships. Strong ties to the spouse both constrains and augments the business activity. On the one hand, this intimate network provides an abundance of knowledge and information through bookkeeping functions and literacy skills for the owner. The propinquity of these individuals also discourages certain initiatives that the owner my wish to engage in. On the other hand, the intimate networks provide owners with support through intangible properties such as love and affection or dependability.

Broker networks provide practical assistance for the owners that contribute to the business operation. Conferences and trade shows are important venues for owners to interact with other competitors, to maintain contacts within the industry, to view products or to source new materials and technology. Other practical knowledge, gained from the broker networks, includes leads to new markets, pricing strategies, product distribution, new business ventures, accounting systems or corporate/commercial advice. However, owners also view trade shows and

conference events as sales opportunities which may be a false expectation. Owners may be confusing market development with making a sale.

This project has three objectives. The first objective is to develop a profile of owners and businesses which produce a product or have the potential to produce a product to trade beyond their local markets. Attributes of the owner and the firm are analysed from two perspectives: non-agriculture and agriculture; and trading/non-agriculture and trading/agriculture. Data indicate that trading/non-agricultural firms are twice the age of the trading/agricultural firms. The trading/agricultural firms are in the infancy stage of development where as the trading/non-agricultural firms are mature. More trading/non-agricultural firms were incorporated than the trading/agricultural firms. The sample of trading/non-agricultural and trading/-agricultural firms, combined, provide full and part-time employment for a total of 137 people.

The second objective is to determine the importance that owners place on networks to access information about markets and technical knowledge. The evidence indicates that owners place a significant amount of importance on customers, conferences, trade shows and friends for information. Conferences and trade shows contribute significantly to total gross sales for the trading/non-agricultural businesses. Volunteer activities also have a significant and positive effect upon gross sales for the trading/non-agricultural firms. Noticeable in this data is the minor role that professional and governmental networks play in the marketing and technical networking strategies of rural business owners.

The third objective develops an understanding of the types of personal relationships business owners use to carry on the business operation. These relationships are complex. On the one hand, the intimate network is equivocal in that this relationship constrains the business activity and, on the other hand it augments the owner's resources and contributes to the operation of the firm. Friendship networks can enhance the business activity by providing needed social release from the daily grind of the business operation. Yet the evidence is that owners are reluctant to share information about their business activities with these same friends.

Broker and volunteer networks provide an abundance of knowledge and know-how for these owners. These networks provide information through observation and informal learning situations. Volunteer networks have a business focus and link with the broker networks to provide venues for owners to come together through various activities such as journals, magazines, trade shows or conferences. Owners indicate that they belong to volunteer associations to obtain journals and magazines published by that organization.

Professional and governmental relationships are used by owners out of necessity. Professional networks provide very specific types of knowledge. Professionals interpret complex rules of conduct ascribed by regulatory and financial institutions, and the judicial system. Data indicate that the professions do little to provide trading opportunities for these businesses. Indeed, the professional service firms are usually organised as rural non trading businesses with little exposure to markets and business protocols beyond their home market.

7.2 Conclusion

Rural business owners are far from being solitary and individualistic. These owners depend upon many people from their spouse to acquaintances. These networks of personal relationships augment the business by marshalling resources and knowledge necessary for the business operation. These owners realize that to build a thriving business, they require the cooperation and collaboration of many people both inside and outside of their own industry.

Value-adding businesses are a way to stem population decline in rural places, since agriculture is declining in importance as a major user of human resources. Value-adding rural firms provide income generating opportunities for community members. If these businesses were located outside of the East Parklands area, rural residents would look beyond the local area for employment opportunities. Some of the non-agricultural business owners who previously confined their business activities to agriculture have subsequently diversified into non-agricultural enterprises on the farm. These non-agricultural firms provide jobs that are stable and this may encourage new businesses to locate within the same area.

Reliance, by business owners, upon their children for social support is noticeably absent from the networks. Business owners, whether or not they are involved with non-agricultural or agricultural activities, do not encourage and rarely consult their children about the operating, marketing or financial aspects of the business. Continuation of the firms through more than one generation is questionable without the active encouragement and apprenticeship of family members into the

business. Owners, by encouraging their children to pursue other career opportunities outside the area, are inadvertently contributing to the declining population in rural places.

Trading/non-agricultural owners are moving away from the strong ties of family and friends and into weak tie relationships associated with broker networks. These networks provide knowledge which has potential to lead to markets and contribute to a greater array of business options. These business owners are competitive in obtaining their market share locally and provincially, yet they draw back from accessing international markets. Field observations indicate that these firms will have to upgrade their existing technology not only to stay competitive locally and provincially, but also before expanding into the international marketplace.

Trading/agriculture owners maintain strong tie relationships to develop and sell their product. They maintain an egalitarian attitude of "we are all in this together." They often rely upon local networks to sell their product and to look after their animals and birds. A cooperative rather than a competitive spirit exists among these owners because they attempt to sell their product to each other and to share pertinent market information among themselves.

Rural business owners acquire knowledge and know-how from observation and hands-on learning. Conventional educational opportunities are unable to provide the necessary learning experiences that these owners require to operate and maintain their businesses. Trade shows serve as venues for learning opportunities since these activities provide an opportunity for owners to observe and to talk with others who

share similar and linked interests.

Strong ties to a spouse, to friends or to close business associates appears to impede business activity primarily because of social sanction. Nevertheless, the strong ties to the spouse appear to be absolutely crucial for many owners, especially when the spouse provides literacy or bookkeeping skills for the business owner. Lack of literacy skills constrain many owners from developing business plans, pursuing marketing opportunities, acquiring new technological skills or having the confidence to articulate their needs to outside agencies or professionals.

Owners, by virtue of their business ventures, are non-conformists. They have chosen not to "go-along" with the norms and values of their community which is dominated by traditional agricultural activities: cereal and livestock production. Therefore, they are unable to talk about their business because they are not behaving like the majority of the community members. Thus maintaining personal relationships with community members may be difficult.

The networks that owners use are complex involving more than characteristics of participants or the networks themselves. This network approach to studying small businesses in a rural setting suggests that the economic life of rural business is embedded in the social networks of the owners. They obtain their information and knowledge through the social relationships that they foster.

Choosing networks is a means of developing relationships that complement each other, thereby creating opportunities conducive to trading a product beyond the local market area. Choosing to network does not mean choosing between networks,

but rather developing conditions where separate networks can complement, inform, and shape an attitude conducive to business activity.

7.3 Recommendations

Factors arising from this research have implications for development policy in rural areas. Non-agricultural and agricultural firms are very different in their business activity and therefore must be treated as distinct policy domains. Rural firms, although operating in the same geographic region, access diverse networks which provide differentiated types of knowledge and expertise. Kendall's correlations indicate that broker networks used for marketing and technical information have a more significant impact upon the trading/non-agricultural firms ability to trade a product beyond the local region than do these same networks for trading/agricultural firms.

Policies supporting formal classroom training should be redirected to supporting activities that include observation and hands-on learning. Trade shows and conferences are venues for this learning, especially if these events are national and international in scope. These networks would enable rural business owners to enter into networks providing social, cultural and technical information and knowledge.

On-farm non-agricultural operations are making a contribution to the rural economy by creating off-farm income for local residents. These businesses should be supported through economic development initiatives that would enable rural non/agricultural firms to secure appropriate and adequate financing, promote education and retraining opportunities for workers as well are providing market and

product development.

Finally, just as owners use varied social networks, rural business policies need to encourage similar businesses to take advantage of or to create continuing educational and training opportunities for employees as well as for the self-employed owners. Rural business owners also need to take advantage of and foster networks with colleges, universities and provincial and federal research facilities to stimulate research and development activities that are expensive as a "go-it-alone" venture.

7.4 Future Research

This research examined the networks and strong and weak tie relationships that rural owners of non-agricultural and agricultural firms find themselves a part of. This project is timely in that groups of businesses are beginning to cooperate when it is to their competitive advantage to do so in the marketplace.

An area of fruitful study would be to study the technical information gathering networks that non-agricultural and agricultural business owners access using a time-analysis frame-work. As well, research on these firms across geographic areas would address the interregional differences leading to a fuller understanding of the opportunities and constraints that geographic regions impose upon the networking strategies of rural business owners.

Trade shows and conferences are venues offering networking opportunities for the business owners. Research would uncover the extent to which these activities provide hands-on learning and educational experiences for rural business owners

which would lead to new product development and innovation.

A finding that warrants additional research is the minor role that children play in the business operation. The non-involvement of children has implications for the continuation of the business operation beyond the current generation. Succession is doubtful without the apprenticeship of children or other family members.

7.5 Concluding Statement

The overall objective of this project was to study the social networks used by non-agricultural and agricultural business owners operating in the area defined by the East Parkland Community and Business Development Corporation. The research indicates that the business owners are far from being super-independent, but rather depend upon numerous and varied networks of acquaintances to augment their business activities.

Results from this project - the movement of non-agricultural owners into weak tie relationships with broker networks, the constraints imposed by the professions upon the firms ability to trade beyond the local area, and the importance of trade shows and conferences for creating a competitive business culture, are areas that can be addressed not only by policy makers but also by the rural business owners.

The networks that business owners access contribute to the sustainability of not only the business but also the rural community. These networks are the bridges between the business owner and the global economy. Business owners who dare to seize new opportunities by locating and using networks effectively will contribute to

the social and economic viability of their community which is located in an ever changing global marketplace.

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9. APPENDICES

Appendix 'A": Population of Towns within the East Parklands Community & Business Development Corporation Area from CENSUS DATA - 1951, 1961, 1971, 1981, 1991

TOWN	1951 Census	1961 Census	1971 Census	1981 Census	1991 Census
Alix	461	631	565	837	782
Bashaw	603	614	757	875	807
Bawlf	236	203	182	350	327
Big Valley	307	461	306	360	303
Botha	98	112	99	172	174
Castor	798	1,025	1,166	1,123	933
Clive	241	238	247	364	414
Delbourne	395	450	383	574	564
Donalda	318	289	232	280	221
Edberg	188	179	145	150	135
Elnora	211	214	213	249	265
Ferintosh	205	174	127	155	115
Forestburg	443	677	669	924	920
Gadsby	128	98	47	47	26
Galahad	198	231	179	152	158
Halkirk	148	172	136	156	150
Hardisty	536	582	594	641	656
Heisler	98	214	199	212	186
Mirror	635	577	365	507	478
New Norway	258	263	200	291	251
Rosalind	-	-	203	197	192
Stettler	2,442	3,638	4,168	5,136	4,947
Strome	276	311	226	281	290
Total	9,223	11,366	11,408	14,033	13,291

Source: Statistics Canada (1961 - 1991).

Appendix 'B': Letter of Introduction

Date

Address

Dear

Small business increasingly is recognized as making important contributions to the Canadian economy. However, little is known about people, like yourself, who own and operate these businesses, especially in rural areas. We are conducting a study to learn how rural Alberta business owners are able to compete successfully in the changing marketplace.

Your business is one of a number of firms being invited to be a part of this study. Your business was drawn at random from firms operating in East Central Alberta. You will be contacted to arrange for an interview, at your convenience, should you decide to participate.

Mae Deans, a graduate student in our department, will be conducting face-to-face interviews with the business owners. She is working on her Master's Degree in Rural Sociology, with a specific focus on rural business. This project will help her to complete her degree requirements.

You are assured of complete confidentiality. An interview schedule has been developed to aid with the interview. Your name will not be placed anywhere on the schedule, nor will any other identifying marks.

Should you have any concerns or questions, please do not hesitate to contact me at (403)492-4225 or Mae at (403)465-6831.

Your assistance and cooperation would be greatly appreciated.

Yours Sincerely,

D. S. Gill
Professor

Mae Deans
Research Assistant

Appendix 'C': Interview Schedule

1. What are the main products or services provided by your business?

PRODUCTS	**SERVICES**
a. _____	a. _____
b. _____	b. _____
c. _____	c. _____

2. Why did you choose to operate this type of business?
   a. _____
   b. _____
   c. _____
   d. _____
3. How many years has your business been in operation?
   _____ (years)
4. How many years has your business operated in this area?
   _____ (years)
5. Why did you choose this community to operate your business in?
   a. _____
   b. _____
   c. _____

THE FOLLOWING QUESTIONS ARE ABOUT THE INFORMATION AND RESOURCES THAT YOU MAY USE TO HELP YOU OPERATE YOUR BUSINESS.

6. Using a scale of 1-5, where "1" is **NOT IMPORTANT** AND "5" IS **VERY IMPORTANT** would you indicate how **IMPORTANT OR UNIMPORTANT** each of the following sources of **TECHNICAL** INFORMATION is for your business?

	Not Important				**Very Important**
Trade Journals	1	2	3	4	5
Trade Shows	1	2	3	4	5
Conferences	1	2	3	4	5
Newspapers	1	2	3	4	5
Producers of similar products	1	2	3	4	5
Customers	1	2	3	4	5
Sales People	1	2	3	4	5
Spouse	1	2	3	4	5
Suppliers	1	2	3	4	5

Auction Sales	1	2	3	4	5
Family Members	1	2	3	4	5
Friends	1	2	3	4	5
Internet	1	2	3	4	5
Bank personnel	1	2	3	4	5
Federal Gov't personnel	1	2	3	4	5
Provincial Gov't personnel	1	2	3	4	5
Municipal/County gov't personnel	1	2	3	4	5
Other_____	1	2	3	4	5

7.Using a scale of 1-5, where "1" is **NOT IMPORTANT** AND "5" IS **VERY IMPORTANT** would you indicate how **IMPORTANT OR NOT IMPORTANT** each of the following sources of INFORMATION is about possible **MARKETS**?

	Not Important				**Very Important**
Trades Journals	1	2	3	4	5
Trade Shows	1	2	3	4	5
Conferences	1	2	3	4	5
Newspapers	1	2	3	4	5
Producers of similar products	1	2	3	4	5
Customers	1	2	3	4	5
Sales people	1	2	3	4	5
Spouse	1	2	3	4	5
Suppliers	1	2	3	4	5
Auction Sales	1	2	3	4	5
Family	1	2	3	4	5
Friends	1	2	3	4	5
The Internet	1	2	3	4	5
Bank personnel	1	2	3	4	5
Provincial gov't personnel	1	2	3	4	5
Municipal/County gov't personnel	1	2	3	4	5
Personal reputation	1	2	3	4	5
Other_____	1	2	3	4	5

8. Again using a scale of 1-5, where "1" is NOT IMPORTANT **AND "5" IS** VERY IMPORTANT **would you indicate how** IMPORTANT OR NOT IMPORTANT each of the following sources of **INFORMATION** is about possible **COMPETITORS**?

	Not Important				**Very Important**
Trade Journals	1	2	3	4	5
Trade Shows	1	2	3	4	5
Conferences	1	2	3	4	5
Newspapers	1	2	3	4	5
Producers of similar products	1	2	3	4	5
Customers	1	2	3	4	5
Sales people	1	2	3	4	5
Spouse	1	2	3	4	5
Suppliers	1	2	3	4	5
Auction Sales	1	2	3	4	5
Family members	1	2	3	4	5
Friends	1	2	3	4	5
The Internet	1	2	3	4	5
Bank personnel	1	2	3	4	5
Federal gov't personnel	1	2	3	4	5
Provincial gov't personnel	1	2	3	4	5
Municipal/County gov't personnel	1	2	3	4	5
Other_____	1	2	3	4	5

THE FOLLOWING QUESTIONS ARE ABOUT THOSE PERSONAL RELATIONSHIPS THAT YOU VALUE AS A BUSINESS OWNER.

9. For the following sources of **PROFESSIONAL** help you may use how would you describe that relationship?

	Spouse	Other Family Member	Friend	Other	Do Not Use
Professional accountants	___	___	___	___	___
Bookkeepers	___	___	___	___	___
Lawyers	___	___	___	___	___
Insurance services	___	___	___	___	___
Hiring services	___	___	___	___	___
Advertising/promotion	___	___	___	___	___
Technical personnel	___	___	___	___	___
Financial services	___	___	___	___	___
Other_____	___	___	___	___	___

10. For those **PROFESSIONAL** services that you use, are they located in the local area or outside of your local area? (Local refers to the town/area described by your mailing address).

	Local Area	**Edmonton/ Calgary**	**Rest of Alberta**	**Do Not Use**
Professional accountants	_____	_____	_____	_____
Bookkeepers	_____	_____	_____	_____
Lawyers	_____	_____	_____	_____
Insurance services	_____	_____	_____	_____
Hiring Services	_____	_____	_____	_____
Advertising/promotion	_____	_____	_____	_____
Technical personnel	_____	_____	_____	_____
Financial services	_____	_____	_____	_____
Other_____	_____	_____	_____	_____

WOULD YOU INDICATE THOSE PEOPLE WHO HELP YOU AND WHERE THAT PERSON IS GEOGRAPHICALLY LOCATED. [FOR EXAMPLE: BROTHER - EDMONTON,; ACQUAINTANCE - SASKATOON.

11. Who takes care of your business when you are on holiday or occasionally absent?

a. _____
b. _____
c. _____
d. _____

12. With whom do you usually discuss your business successes?

a. _____
b. _____
c. _____
d. _____

13. Whom do you consult when making business decisions?

OPERATING	FINANCIAL	SALES
a._____	a._____	a._____
b._____	b._____	b._____
c._____	c._____	c._____
d._____	d._____	d._____

THE FOLLOWING QUESTIONS ARE ABOUT YOUR INVOLVEMENT IN ORGANIZATIONS.

14. Have you ever belonged to any organizations? (include churches, clubs, service or professional associations).

1. YES (go to #15)
2. NO (go to #19)

15. Would you indicate which organizations you **CURRENTLY** belong to and any positions you have held.

ORGANIZATION	YEARS OF MEMBERSHIP	POSITIONS HELD
1. Business and Professional		
2. Recreational/Community		
3. Family/ Community		
4. Educational		
5. Religious		
6. Government/Political		

16. Using the scale 1-5 where "1" is **STRONGLY DISAGREE and "5" is STRONGLY AGREE**, how much do you **AGREE OR DISAGREE** with the following statements.

a. Belonging to an organization allows me to meet people in my community.

Strongly Disagree 1 2 3 4 5 **Strongly Agree**

b. I belong to organizations because my children are involved.

1 2 3 4 5

c. Organizational involvement helps me learn about my community.

1 2 3 4 5

d. Belonging to an organization allows me to meet people from outside my local community.

1 2 3 4 5

e. Organizational involvement helps me make a contribution to my community.
1 2 3 4 5

17. Still using the 5 point scale where "1" is **STRONGLY DISAGREE** and "5" is **STRONGLY AGREE**, how strongly do you AGREE or DISAGREE with these statements.

a. Belonging to an organization has taught me leadership skills.

Strongly Disagree				**Strongly Agree**
1	2	3	4	5

b. Organizations provide me with information I cannot find anywhere else.
1 2 3 4 5

c. Belonging to an organization has taught me problem solving skills.
1 2 3 4 5

d. Organizational involvement has taught me how to work effectively with people.
1 2 3 4 5

e. Being involved in an organization has given me confidence to meet other people.
1 2 3 4 5

18. Are there any organizations that you were involved with as a youth that were particularly influential in shaping your business interest?

Can you give an example?

IN THE PREVIOUS QUESTIONS, WE TALKED ABOUT YOUR INVOLVEMENT IN ORGANIZATIONS. NOW I WOULD LIKE TO TURN TO MORE CASUAL ACTIVITIES (FOR EXAMPLE, COFFEE, LUNCH, SUPPER GROUPS OR SPORTING ACTIVITY THAT YOU MIGHT BE INVOLVED WITH.

19. If you participate in this type of activity, would you describe the activity?

Why do you participate?

20. Which of the following would best describe with whom you do this activity with?

1. Spouse ___
2. Other family members ___
3. Friends ___
4. Other_____ ___

21. Using the scale 1-5 where "1" is **STRONGLY DISAGREE and "5" is STRONGLY AGREE**, how much do you **AGREE OR DISAGREE** with the following statements.

a. These casual activities give me information about market trends.

Strongly Disagree				**Strongly Agree**
1	2	3	4	5

b. These casual activities provide me with information about government trends.

1 2 3 4 5

c. These casual activities provide me with information about the community.

1 2 3 4 5

d. These casual activities provide me with insight about a possible need for new products or services.

1 2 3 4 5

e. These casual activities provide me with information about prospective employees.

1 2 3 4 5

THE FOLLOWING QUESTIONS WILL PROVIDE INFORMATION THAT WILL ENABLE THE RESULTS OF THE INTERVIEW SCHEDULE TO BE INTERPRETED MORE EFFECTIVELY.

22. Are you male or female? 1. MALE 2. FEMALE

23. How old are you? _____Years

24. What is your present marital status?
    1. NEVER MARRIED
    2. MARRIED/COMMONLAW
    3. DIVORCED/PERMANENTLY SEPARATED
    4. WIDOWED

25. Of the following what is the highest level of education you have completed?
    1. ELEMENTARY SCHOOL OR LESS
    2. SOME HIGH SCHOOL
    3. HIGH SCHOOL GRADUATE

26. Would you indicate any COLLEGE, TECHNICAL, UNIVERSITY or CERTIFICATE program you have completed:

27. How many years of education have you completed? (Include grades 1-12 and other programs). _____ Years

28. Have you participated in any of the following activities during the last year to acquire skills or knowledge needed to operate your business?

	NO	YES	# of days in Past Year
Workshops	1	2	___
Conferences	1	2	___
Seminars/tutorials	1	2	___
Annual Meetings	1	2	___
Special program @ secondary level	1	2	___
Apprenticeship program	1	2	___
Private lessons	1	2	___
Self-learning (reading)	1	2	___
Previous employment	1	2	___
Volunteer work	1	2	___
Gov't sponsored training	1	2	___
Observing other people	1	2	___
Correspondence courses	1	2	___
Other_____	1	2	___

29. Were you born in this community? 1. YES 2. NO

30. How many years have you lived in this community? ___ YEARS

31. Which of the following would you say best describes the ownership of your business?

1. Proprietorship
2. Partnership (with family members)
3. Partnership (with non-family members)
4. Incorporated company (with family members)
5. Incorporated company (with non-family members)
6. Other (please specify)_____

32. How many **FULL-TIME** employees does your business currently employ?

1. Male ___ 2. Female ___

33. How many **PART-TIME** employees (including seasonal) does your business currently employ? 1. Male ___ 2. Female ___

34. How many of your employees are:

	Full-Time	Part-Time
1. Spouse	___	___
2. Other family members	___	___
3. Friends	___	___
4. Other	___	___

35. Which of the following would you say best describes the size of the market where your company sells its products or provides its services.

	% of Gross Sales
1. Local and surrounding region	___
2. All/most of Alberta	___
3. Western Canada	___
4. All/most of Canada	___
5. United States and Mexico	___
6. Other_____	___

36. For this question, would you indicate from the following list the ORIGINAL sources of financing and your CURRENT sources of financing used for your business.

	STARTUP Source of FINANCING %	**CURRENT Source of FINANCING %**
Personal funds	_____	_____
Spouse	_____	_____
Family Members	_____	_____
Friends	_____	_____
Inheritance	_____	_____
Bank	_____	_____
Investors	_____	_____
Trust Company	_____	_____
Federal gov't programme	_____	_____
Provincial gov't programme	_____	_____
Municipal/County programme	_____	_____
Business Development Office	_____	_____
Other_____	_____	_____
	100%	100%

37. Would you indicate the range that best describes the estimated Gross Sales for your business for 1994:

1.	$0 - $ 49,999 _	6.	$250,000 - $299,999 _
2.	$ 50,000 - $ 99,999 _	7.	$300,000 - $349,999 _
3.	$100,000 - $149,999 _	8.	$350,000 - $399,999 _
4.	$150,000 - $199,999 _	9.	$400,000 - $449,999 _
5.	$200,000 - $249,999 _	10.	$450,000 - $499,999 _

11. $500,000 or more _

38. On a scale of 1 to 5 how would you describe your business?

Not Successful				Very Successful
1	2	3	4	5

39. Would you describe what you mean by business success?

Appendix 'D': Interviewer Observations

1. What was the respondents initial attitude about being interviewed?
   1. Very interested or enthusiastic 2. Somewhat interested
   3. Indifferent 4. Somewhat reluctant
   5. Very reluctant 6. Hard to tell

2. Did the respondent have any difficulty **READING** the interview schedule?
   1. Yes, did not read at all 2. Yes, had help reading the schedule
   3. No, none at all

3. Did the respondents ask for clarification on any of the questions?
   1. Yes 2. No

4. What was the respondents attitude during the interview?
   1. Friendly, eager, volunteered information
   2. Cooperative, but not necessarily enthusiastic
   3. Indifferent or bored
   4. Often irritated or hostile; seemed anxious to get it over with
   5. Hard to tell

5. Was the respondent anxious to show and discuss the product?
   1. Very enthusiastic to show and discuss the product
   2. Moderately enthusiastic to show and discuss the product
   3. Reluctant to show and discuss the product
   4. Did not wish to show or discuss the product at all.

6. Did the respondents mention any other income coming into the family?
   1. Yes 2. No
   Describe the type of income _____ _____.

7. Was anyone else present during the interview? (If yes, got to 8, if no go to 9)
   1. Yes 2. No

8. Who else was present?
   1. Husband or wife 2. Other adult household member
   3. Teenager 4. Child or infant
   5. Friend, visitor, other

9. Did you get the impression that there was illness or sickness in the family?
   1. Yes 2. No

10. How open and forthcoming do you think the respondent was about sharing information? 1. Open 2. A little guarded 3. Was basically not frank